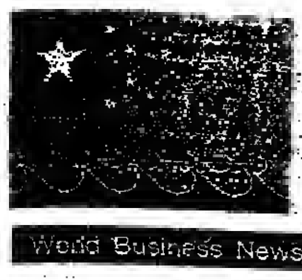
FINANCIAL TIMES



Chinese defence
Testing the waters
Page 13

Fighting the flab
In search of the greener car
Page 10

Indian polls
Cracks within the Congress edifice
Page 12

US and Iran
Politics at odds with trade
Page 6

World Business Newspaper — WEDNESDAY MARCH 15 1995 — D8523A

Boeing awarded $1.2bn SAS deal for new aircraft

Scandinavian Airlines System announced an order for up to 70 Boeing medium-range aircraft to renew its fleet. The order is a setback for McDonnell Douglas, SAS's preferred supplier in the past. SAS has a firm order for 35 Boeing 737-600 aircraft worth SKr8.5bn ($1.22bn) and options for 35 more over the next decade. Page 14

Procter & Gamble chief to retire: US consumer products manufacturer, Procter & Gamble, announced that Mr Edwin Artzt, chairman and chief executive for the last five years, would retire on July 1 after 41 years with the company. Page 15

Magistrate questions Alcatel chairman

Alcatel Alsthom chairman, Pierre Suard (left), was questioned for four hours by a Paris magistrate who has placed him under investigation for fraud and blocked him from working for the company. The lawyer for Mr Suard said he had not been presented with any new charges by Mr Jean-Marie D'Huy in a case involving alleged overbilling of France Télécom. Page 2

Carmakers plan £400m UK investment: Three of the world's biggest carmakers, Toyota, Honda and Ford, are planning significant new models and production increases in the UK, with about £400m ($656m) of new investments. Page 14

Indian economy grows by 5%: India's economy grew by 5.3 per cent in 1994-95, while the government is on target to cut the fiscal deficit to 6 per cent of gross domestic product, according to the finance ministry's annual economic survey. Page 4

Treasury to bail out Italian bank: The Italian treasury is to transfer assets to Banco di Napoli, one of Italy's oldest and largest banks, to help the bank cover record losses of L995bn ($589m). Page 15

Crédit Lyonnais rescue favoured: European competition commissioner, Karel Van Miert, appeared to indicate tentative support for a second French government rescue of Crédit Lyonnais, the troubled state-owned bank. Page 3

Argentina's $6.7bn rescue: Argentina has unveiled a $6.7bn financing package, including $2bn of loans from the IMF, in an effort to overcome the financial crisis unleashed by Mexico's devaluation. Page 5

Election push in Bangladesh: Opposition parties in Bangladesh are to mount a blockade of the capital, Dhaka, in the hope of forcing the government of Mrs Khaleda Zia to step down. Page 4

Philippines seeks European investment: President Fidel Ramos of the Philippines spelt out a strategy of liberalising trade and foreign investment, in a bid to attract European investors. Page 7

German groups lift dividends: BASF and Bayer, two of Germany's leading chemicals groups yesterday followed the example of rival Hoechst by announcing plans to pay higher dividends in response to a sharp rise in profits. Page 16

Japanese deregulation disappoints: Japan's leading trade partners voiced disappointment at the draft of a plan to trim official regulations protecting swathes of the economy from imports. Page 7

Sotheby's builds on profit: Profits from Sotheby's, the auction house, financial services and real estate group, continued their recovery in 1994, with net income up from $19.3m to $20.3m. Page 18

Syria and Israel to resume talks: US secretary of state Warren Christopher announced a breakthrough in the faltering Middle East peace process with the agreement of Syria and Israel to resume military talks in Washington. Page 6

Deutsche favourite in Indonesia: Deutsche Telekom, the state-owned German operator, may be close to beating several international rivals for a 25 per cent stake in Satelit Palapa Indonesia (Satelindo), the telecommunications company. Page 20

Former Nigerian leader missing: Aides of former Nigerian military ruler General Olusegum Obasanjo, arrested this week after authorities said they uncovered a coup plot, said they had lost contact with him.

British soccer stars arrested: Five people, including top British Premier League soccer players Bruce Grobbelaar, Hans Segers and John Fashanu, were arrested by police investigating allegations of match fixing.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,053.94	(+28.71)
NASDAQ Composite	808.74	(+5.43)
Europe and Far East		
CAC40	1,768.99	(+47.19)
DAX	2,068.45	(+0.96)
FT-SE 100	3,050.6	(+38.8)
Nikkei	16,245.82	(-231.82)

US LUNCHTIME RATES

Federal Funds	5 15/32%
3-mth Treas Bills: Yld	5.911%
Long Bond	102¾
Yield	7.36%

OTHER RATES

UK: 3-mo Interbank	6 11/16%	(same)
UK: 10 yr Gilt	99 13/16	(100⅜)
France: 10 yr OAT	96.39	(95.23)
Germany: 10 yr Bund	100.64	(100.0)
Japan: 10 yr JGB	103.419	(103.779)

NORTH SEA OIL (Argus)

Brent 15-day (May)	$16.45	(16.51)

GOLD

New York: Comex		
(Apr)	$386.5	(386.1)
London:		
close	$384.9	(385.5)

DOLLAR

New York: lunchtime		
£	1.5865	
DM	1.414	
FFr	5.0085	
SFr	1.1775	
Y	90.725	
London:		
£	1.5878	(1.5914)
DM	1.4136	(1.4053)
FFr	5.0205	(5.02)
SFr	1.1765	(1.17)
Y	91.165	(90.225)

STERLING

DM	2.2445	(2.2364)
Tokyo close:	Y 98.8	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lv100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.80	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (m'land)	Esc230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Clinton moves to block $1bn Iran deal with Conoco

By George Graham in Washington

President Bill Clinton yesterday moved to block a $1bn deal between Iran and Conoco, the oil company owned by the US's Du Pont group, to develop two oil and gas fields in the Gulf.

Mr Clinton said he would issue an executive order prohibiting all US contracts for the financing, management or development of Iran's petroleum resources – a step intended to block the deal signed by Conoco's Dutch subsidiary.

The executive order will be the toughest measure the Clinton administration has yet taken to step up pressure on Iran, which it accuses of supporting international terrorism, working to undermine the Middle East peace process and trying to develop nuclear and chemical weapons.

"We need to send a clear and unequivocal message to Iran: there cannot be normal relations until Iran's unacceptable behaviour changes," a White House statement said.

Conoco's deal with the National Iranian Oil Company to develop the Sirri A and E fields at the entrance to the Straits of Hormuz was the first significant contract signed by a US oil company with Iran since the overthrow of of Shah Reza Pahlavi in 1979, although US oil companies buy an estimated 800,000 barrels a day of Iranian crude – roughly a quarter of Iran's total output.

After President Clinton's announcement Conoco said it would not proceed with the deal.

US law bars the import of that oil into the US, but US companies may sell it in other markets.

The White House and the State Department said last week Conoco's deal was not illegal, but did run against "the general thrust of our policy, which is designed to bring pressure to bear on Iran".

Both the administration and Congress have been considering ways of increasing Iran's economic isolation, as part of a strategy of "dual containment" designed to prevent both Iraq and Iran from upsetting the volatile Middle East region.

Senator Alfonse D'Amato has proposed a bill to stop US oil companies from buying Iranian crude, while Congressman Newt Gingrich, Speaker of the House of Representatives, said last month that a strategy designed to force the replacement of the current Iranian government was "the only long range solution that makes any sense".

The row over the Conoco deal follows US efforts to dissuade Russia from selling a nuclear reactor to Iran and Pentagon concerns over the positioning of Iranian missiles and troops on islands in the Hormuz Straits.

The US has criticised countries such as France, Germany and Japan for financing contracts with Iran through their export credit agencies, but there is little international support for a more comprehensive embargo against Tehran. In fact, some countries may take steps to prevent companies under their jurisdiction from complying with the latest US restrictions, as they hava in response to US attempts to stiffen its embargo against Cuba.

US officials said Conoco had been very co-operative over yesterday's decision. The Houston Chronicle reported that Conoco executives had asked the White House to issue the executive order to provide them with a way to withdraw from the contract.

White House nips Iran oil trade in the bud, Page 6

Slowing growth in US may delay interest rate rise

By Michael Prowse in Washington

US share and bond prices rose strongly yesterday as fresh signs of slower US growth increased expectations that the Federal Reserve would not raise interest rates for several months.

By early afternoon the Dow Jones Industrial Average was up 29.40 at 4,054.63. The benchmark 30-year long bond gained a full point to yield 7.369 per cent.

Analysts were surprised by official figures showing a 0.5 per cent drop in retail sales between January and February, the first decline in nearly a year. Markets had expected a gain of about 0.2 per cent.

Separate data underlined the weakness of the balance of payments – one of the causes of the dollar's fragility. The current account deficit, the broadest measure of foreign trade, rose nearly 50 per cent last year to $155.67bn, in cash terms the second highest figure on record.

Mr Mickey Levy, chief financial economist at NationsBank in New York, said the sales figures implied a deceleration in economic growth to just over 2 per cent later this year against 4 per cent last year. "The next Fed move will be an easing," he predicted, although it would not come until near the year end.

Other analysts, however, noted that recent data had been mixed. The unemployment rate fell back to 5.4 per cent last month and factory orders remain robust.

The "strong growth" camp argues that the current slowdown of consumer spending is simply a continuation of the "saw-tooth" pattern of growth which has been evident since 1991.

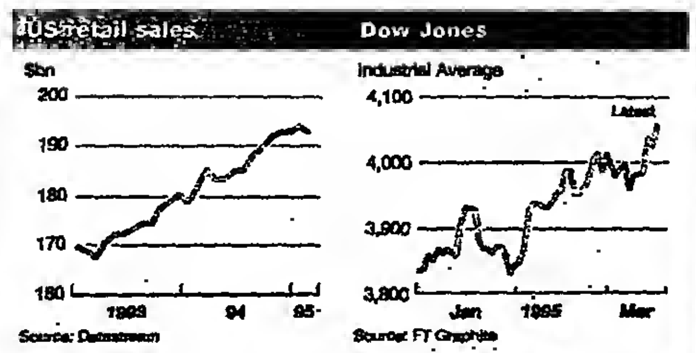
On this view, spending will pick up again within a few months, forcing the Fed to raise short-term rates again.

However, few analysts expect the Fed to raise rates at its policy meeting at the end of this month, unless data for producer and consumer prices today and tomorrow show upward pressure on inflation.

The increase in the current account deficit mainly reflected faster growth of domestic demand in the US than in its trading partners, a factor that should begin to reverse later this year.

However, the figures also showed the first annual deficit on investment income since the series began in 1960. This is an ominous reflection on the US's shift in the 1980s from net creditor to net debtor status.

The data are not adjusted for inflation which is running at just under 3 per cent.



Philip Coggan, Markets Editor, writes: The fall in retail sales cheered equity and bond markets around the world. Government bond prices were strong on both sides of the Atlantic.

In the UK, gilts rose by a point, and French government bonds were around 1¼ points higher; German and Italian government bonds were up by around three-quarters of a point.

The bond rally helped inspire share prices to move higher. European equity markets were even stronger, with the French and German markets up by 2-3 per cent. In London, the FT-SE 100 index closed 38.8 points ahead at 3,050.6.

In turn, rising US share and bond prices helped the dollar yesterday, with the US currency closing in London almost a yen higher at Y91.165, from Monday's 90.225. Against the D-Mark, it rose to DM1.4136, from Monday's DM1.4053.

Bonds, Page 24
Currencies, Page 25
World stocks, Page 34

Arafat backs Major on Ulster peace

Palestine Liberation Organisation leader Yassir Arafat (right) yesterday threw his weight behind the attempts by John Major (left), who is visiting Gaza, to reach a political settlement for Northern Ireland. Meanwhile, the transatlantic rift over Northern Ireland deepened after Mr Major let it be known that he had not been able to take a telephone call from US president Bill Clinton during his Middle East visit. Report, Page 14

Spanish trawlers to resume fishing off Canada

By David White in Madrid, Caroline Southey in Brussels and Bernard Simon in Toronto

The conflict between Canada and the European Union over fishing rights off Newfoundland threatened to escalate yesterday when Spanish trawler owners decided to resume fishing for the disputed stocks of Greenland halibut. Some 17 Spanish vessels were reported to be in the region.

Spain meanwhile said it was taking preparatory steps for imposing visas on Canadian visitors, in retaliation for the seizure of the trawler Estai last week. Foreign ministry officials said, however, it would be several days before procedures were in place.

Mr Brian Tobin, Canada's fisheries minister, yesterday described the Spanish action as "somewhat provocative". He said Canada "will take whatever enforcement measures are necessary", but added that the Spanish vessels appeared to be outside the disputed area known as the Nose and Tail of the Grand Banks, just outside Canada's 200-mile fishing zone.

In Brussels, Sir Leon Brittan, chief EU trade negotiator, and Mrs Emma Bonino, EU commissioner for consumer affairs and fish, both restated that normal relations with Canada would

Continued on Page 14

Setback for Brussels over EU's 'open skies' battle

By Caroline Southey in Brussels

Mr Neil Kinnock, the European Union transport commissioner, yesterday suffered a setback in his attempts to persuade EU countries to cede authority to Brussels on negotiating far-reaching airline traffic agreements with the US.

Transport ministers from the 15 member states, discussing the so-called "open sky" policy, agreed to examine the market impact of six prospective bilateral deals with the US and to submit a report to their next meeting in June.

The concession from the ministers, a watered down version of two earlier proposals from ministers yesterday, is a far cry from the mandate Mr Kinnock is seeking. He still faces strong opposition from council members, particularly Britain, in his attempt to win negotiating rights for the EU.

Mr Kinnock, one of the UK commissioners and a former leader of the opposition Labour party in Britain, said he did not know how much support there would be for his request for that mandate, which he will formally submit to the council in June.

"There is an increasing awareness among member states about the cumulative effect the agreements will have," he said.

He intervened two weeks ago when he wrote to six countries – Belgium, Luxembourg, Austria, Finland, Sweden and Denmark – urging them to desist from further negotiations with the US on "open sky" agreements. He also threatened to take those member states, which rejected his call, to court if they concluded the accords.

Mr Brian Mawhinney, the British transport minister, said a proposal that would have stopped all six deals going ahead, was not only "totally unacceptable, it is not even discussable". He said the UK "strongly disputes the European Commission's legal competence" to seek a negotiating mandate.

Mr Kinnock received strong backing from France, Germany and Ireland during the debate.

The French presidency said it shared his concerns about the effect the deals would have on the European Union aviation market.

Paris had wanted to see a set of guidelines drawn up which could be used by member states to guide their bilateral negotiations with the US, but this proposal was rejected by other members.

After more than three hours of talks, all 15 transport ministers agreed to ask the community's aviation group, made up of representatives from member states and the commission, to examine the issue and to deliver a report for the June meeting.

"It is a good decision," a commission official said. "The commission was anxious to keep everything in play. This decision does that.

"There has been unanimous recognition that the cumulative consequences of the open sky deals could have serious consequences for the EU."

CONTENTS

NEWS: EUROPE

Greece protests at delay of EU grants

Greece's Socialist prime minister, Mr Andreas Papandreou, has protested to the European Commission over delays in approving two large Greek infrastructure projects that are to be partly funded by EU grants.

Kerin Hope reports from Athens on the PM's row over two building contracts

Government officials yesterday said Mr Papandreou complained in a telephone conversation last week to Mr Jacques Santer, the Commission president, that procedural issues were blocking the launch of projects worth Ecu2.6bn (£2bn) to construct a new airport for Athens and a bridge across the Corinth Gulf.

In a letter backing his remarks, Mr Papandreou argued that both projects could fall through if the Commission insisted on calling new tenders because of mistakes allegedly made by the Greek government during the bidding process, the officials said.

The contract for the Ecu2bn airport at Spata, currently the biggest infrastructure project in the EU, was awarded last December to a German consortium led hy Hochtief, Germany's leading construction group. Tha Ecu600m contract for a suspension bridge linking Rion and Antirrion in western Greece went to the only bidder, an international consortium led by GTM Batiments of France.

The airport decision is being contested by the losing bidder, a Frencb-Greek consortium led by Aéroports de Paris, on the ground that Greece's Socialist government changed the contract terms after it came to power in 1993. Under the revised terms, the Greek state and not the contractor would hold a controlling stake in a new company set up to build and operate the new airport.

As a result, Hochtief, which was also selected as the preferred bidder by the previous conservative government, would hold a 45 per cent instead of a 60 per cent equity stake in the company and would operate the new airport for 30 years.

The bridge project, awarded to GTM almost a year ago, has been delayed by disputes over technical specifications and projections for passenger traffic.

The Greek prime minister's letter also pointed out that the airport and bridge projects would be set back by at least two years if the agreements with Hocbtief and GTM were cancelled, while private sector financing, which would cover about 30 per cent of projected costs, could be withdrawn. Greece is entitled to receive up to Ecu16.8bn in EU grants in the next five years under a package intended to help poorer member-states meet the Maastricht requirements for economic convergence.

Grants for the airport and bridge projects wonld total more than Ecu400m, according to government officials.

Hungary tries to show it means business

By Virginia Marsh in Budapest

Hungary'a Socialist-led government has moved decisively to restore confidence in its commitment to market-led reform and to tackling the economy's deap structural problems.

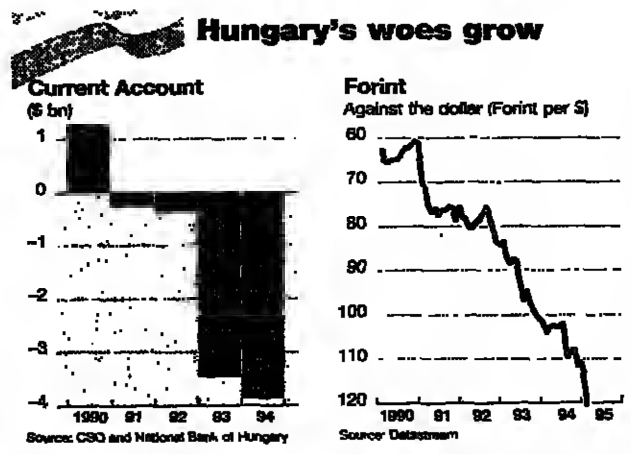
Its 9 per cent devaluation of the forint and radical spending cuts, decided at an extraordinary cabinet meeting on Sunday, represent the most serious effort since the end of communist rule in 1989 to do something about the country's hloated puhlic administration and welfare state.

The devaluation – the largest single markdown since January 1991 – comes after a current account deficit last year of $3.9bn, or 9 per cent of gross domestic product

The measures – the severity of which was unexpected – follow months of procrastination over reform, a standstill in privatisation, strings of personnel changes in government and the public sector, and a generally unclear economic policy line.

The combination of these factors, as well as the financial crisis in Mexico – whose economy bears some similarity to Hungary's – rocked investor confidence in Hungary which, with more than $7bn in direct foreign investment, bas attracted far more western investment than any other former East bloc state.

Hungary's woes grow



Source: CSO and National Bank of Hungary

Source: Datastream

The package, which is aimed at restructuring government spending and at making budget cuts of Ft170bn ($1.4bn) this year were proposed by Mr Lajos Bokros, finance minister, and Mr Gyorgy Suranyi, central bank governor, two prominent reformers wbo took office on March 1.

Before joining the government, Mr Bokros and Mr Suranyi, botb bankers in their early 40s, called for faster privatisation, a sharp reduction in government and public sector spending and other measures to cut the budget and current account deficits and prevent the country's $28bn gross foreign debt from rising further.

"The hig question was whether the prime minister [Mr Gyula Horn] and the cabinet would let them move ahead," a western diplomat said yesterday. "The fact that Mr Horn personally announced the measures on television and in parliament is a sign of real commitment."

Analysts say Mr Horn has been convinced of the need for reform by his economic advisers and by the negative response of investors and international financial institutions to the last-minute cancellation in January of the sale of the HungarHotal chain which prompted the resignation of Mr Laszlo Bekesi, the reformist finance minister. These events helped wipe 20 per cent off the country's fledgling stock exchange in January and led Standard and Poor's to downgrade Hungary's foreign currency debt outlook from "stahle" to "negative".

Yesterday, the Budapest stock exchange index rose 14 points, closing at 1,272, its highest point since January. It rose 46 points on Monday.

The government plans to cut about Ft40bn from this year's social and welfare spending which last year coat it the equivalent of nearly a third of gross domestic product, more than in any other country in Europe apart from Sweden. Maternity and child care benefit will cease to be an automatic right and will be means-tested, fees will be introduced for higher education and medical examinations will no longer be free.

The government also intends to limit public sector wage increases to 3 per cent and to cut funding to public and government bodies by up to 10 per cent.

To boost exports, reduce speculation against the forint and make it easier for companies to plan, it announced the forint would be devalued by up to 27 per cent this year. There are to be monthly markdowns of 1.9 per cent in the first half, falling to 1.3 per cent a month in the second part of the year.

The forint bas staadily appreciated in real terms in the past three years in which annual inflation has exceeded 20 per cent.

Mr Horn now faces the difficult task of convincing the government, a Socialist-Liberal coalition, and parliament to flesh ont and follow through with the measures which analysts say will need amendments to more than 30 pieces of legislation. The welfare and national security affairs ministers have already said they would resign in protest at the cuts.

Most believe the government which has a large majority in parliament, will succeed. This is partly because the cabinet has presented the reform package as a *fait accompli* rather than opting for tha endless debates and discussions over policy with coalition partners and unions that characterised its first six months in office.

While unions and some within the Socialist party are critical of the measures and fear a popular backlash, commentators believe there is now a broad consensus that tongh reforms are unavoidable if the economy is to be stabilised.

European new car sales up 3% last month

By Kevin Done, Motor Industry Correspondent

West European new car sales increased year-on-year by an estimated 3.1 per cent in February, helped by continuing strong growth in France and Scandinavia. Demand was higher than a year ago in 12 of 17 markets across the region.

The recovery is still being hampered, bowever, by tha absence of growth in Germany, tbe single largest market, which accounts for a quarter of all new car sales in west Europe.

According to provisional figures from Acea, the European Antomohile Manufacturers Association, new car sales reached 948,300 last month from 920,200 in the corresponding period a year ago.

Sales rose strongly in France with an increase year-on-year of 11.6 per cent, but this was offset by a marginal fall last month in Germany of 0.1 per cent and by declines in Austria, Portugal, Belgium and Luxembourg.

New car sales rose year-on-year in Britain in February for the first time since September with an increase of 4.5 per cent, while registrations also rose by 5.5 per cent in Italy and by 5.3 per cent in Spain.

In the first two months of the year west European new car sales rose by 3.8 per cent to 2.04m.

Leading carmakers remain cautions about the prospects for growth this year, and General Motors of the US forecasts only a modest further recovery in demand by just under 3 per cent to 12.2m from 11.9m in 1994. Renault of France and the Fiat group of Italy, which includes Alfa Romeo, Lancia and Ferrari, have gained most ground among the hig six volume carmakers in Europe this year.

Japanese manufacturers continue to lose ground overall in west Europe with a decline in sales of 2.9 per cent year-on-year in the first two months. This has dapressed their market share to 10.3 per cent from 11 per cent a year ago.

The fall is a result of the poor performance of Nissan, the leading Japanese make in the European market, whose sales have fallen by 19.6 per cent in the first two months. By contrast Honda raised its sales by 22 per cent.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-February 1995

	Volume (Units)	Volume Change(%)	Share (%) Jan-Feb 95	Share (%) Jan-Feb 94
TOTAL MARKET	2,040,700	+3.8	100.0	100.0
MANUFACTURERS:				
Volkswagen group	323,600	+3.1	15.9	16.0
– Volkswagen	214,400	+0.4	10.5	10.9
– Audi	55,700	+22.2	2.7	2.3
– Seat	45,300	−2.0	2.2	2.4
– Skoda*	8,200	−4.7	0.4	0.4
General Motors#	259,100	+0.8	12.7	13.1
– Opel/Vauxhall	247,000	+0.8	12.1	12.5
– Saab**	9,700	+11.3	0.5	0.4
Fiat group##	256,200	+11.9	12.6	11.7
– Fiat	198,300	+11.8	9.7	9.0
– Lancia	22,200	−25.5	1.1	1.5
– Alfa Romeo	22,200	+15.4	1.1	1.0
PSA Peugeot Citroen	250,900	+2.7	12.3	12.4
– Peugeot	143,400	+0.8	7.0	7.3
– Citroen	107,600	+5.7	5.3	5.2
Ford group#	249,600	+6.0	12.2	12.0
– Ford	246,800	+5.8	12.1	11.9
– Jaguar	2,700	+28.7	0.1	0.1
Renault	223,000	+13.2	10.9	10.0
BMW group	127,100	+0.7	6.2	6.4
– BMW	66,700	+8.8	3.3	3.1
– Rover	60,500	−7.0	3.0	3.3
Mercedes-Benz	69,600	−8.1	3.4	3.9
Nissan	56,300	−19.6	2.8	3.6
Toyota	49,200	+0.1	2.4	2.5
Volvo	39,300	+21.3	1.9	1.6
Mazda	29,800	+1.7	1.5	1.5
Honda	29,300	+22.0	1.4	1.2
Mitsubishi	19,000	+3.3	0.9	0.9
Suzuki	14,500	+12.0	0.7	0.7
Total Japanese	209,300	−2.9	10.3	11.0
Total Koreans	18,900	+15.0	0.9	0.8
MARKETS:				
Germany	489,900	−0.6	24.0	25.1
Italy	359,500	+6.8	17.6	17.1
United Kingdom	343,500	−0.2	16.8	17.5
France	307,600	+16.1	15.1	13.5
Spain	117,500	+2.3	5.8	5.8

*VW holds 60.3 per cent of Skoda.
#Includes cars imported from US and sold in western Europe
**GM holds 50 per cent and management control of Saab Automobile
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati
Source: ACEA (European Automobile Manufacturers Association) estimates. Figures are rounded.

Alcatel chairman questioned on fraud

By John Ridding in Paris

Mr Pierre Suard, chairman of Alcatel Alsthom, was qnestioned for four bours yesterday by a magistrate who has placed him under investigation for fraud and blocked him from working for tba company.

The lawyer for the Alcatel chief said that Mr Suard had not been presented with any new charges. He said the magistrate's questions had centred on renovation and building work done at Mr Suard's home and his personal finances. "Mr Suard explained himself in a detailed fashion," tha lawyer said.

The Alcatel chairman was last week placed under investigation hy Mr Jean-Marie D'Hny in a case involving alleged overbilling of France Télécom, one of Alcatel's higgest clients. Mr D'Hny is also investigating whether work performed at Mr Suard's Paris properties was illicitly financed with company funds.

The Alcatel chairman and tbe company have strongly denied any wrongdoing. Mr Suard is to appeal against the ruling which bans him from managing the company and on Tuesday he received a vote of confidenca from the board. Shares in the transport, telecoms and engineering group, which have been battered by the investigations and a sharp fall in profits, rebounded yesterday, gaining 6 per cent to close at FFr410.9 (£50).

The range of investigations which have affected the gronp was demonstrated yesterday when an investigating magistrate visited the Paris headquarters of GEC-Alsthom, the Anglo-French engineering and transport joint venture. A company spokesman wonld only confirm that the visit by Mr Renand Van Rnymbeke took place, but would not comment on reports that he searched the premises.

Mr Van Ruymbeke is investigating alleged payments of FFr2.8m by GEC-Alsthom to the former chairman of the Sages consultancy firm. He is thought to be inquiring about whether the payment was linked to the construction of a new tramway in Nantes, western France.

In a separate political financing investigation, a French prosecntor yesterday demanded a two-year suspended prison sentence for Mr Henri Emmanuelli, the leader of the Socialist party who is on trial on charges of involvement in illicit political financing. The case centres on a network of consultancy groups that channelled funds illegally to the Socialist party in the 1980s.

UN sees war clouds blacken over Bosnia

By Laura Silber in Belgrade and Bruce Clark in London

Mr Yasushi Akashi, the Japanese diplomat wbo acts as the chief United Nations envoy to former Yugoslavia, is usually the sort of person who looks for a ray of hope, even in the gloomiest of situations.

So the pessimistic tone he adopted yesterday after a visit to Sarajevo was a sign that the war clouds over Bosnia are very black. "The situation is serious and I would even say critical," he said. "Unless we do something in the next two to three weeks a further degradation and resumption of fighting is feared."

Pessimism over former Yugoslavia has been mitigated for the past few days by the loud sigh of relief which was heaved by the international commnnity when Croatia reversed an earlier decision to expel UN peacekeepers from its soil.

But unless there is some significant development in the next few weeks, most observers are expecting war in Bosnia to resume at the beginning of May when the current truce expires; and any resumption of fighting in either Bosnia or Croatia would be all too likely to spread to the other republic.

While politicians from the region are being subjected to mounting pressure from the international community, military planners oo all sides make no secret of tha fact that they are girding themselves for war.

Croat commanders have repeatedly boasted that they are capahle, if necessary, of recapturing by force the areas of their republic whicb fell under Serb control during the Serb-Croat war of 1991.

At least one Serb-held part of Croatia is viewed by experts as being vulnerable to a Croat attack: the small area between the town of Pakrac and the Bosnian border.

General Ratko Mladic, the Bosnian Serb commander, has repeatedly said that he believes that the only way to end the war is a full military victory. He dismisses the international peace plan for Bosnia as a gift to the losers. Yesterday he threatened to "bombard Sarajevo for 30 days every time a Serb is killed". Gen Mladic and his fellow officers were furious when international pressure forced them to desist last year from a full-scale assault on the Bosnian government enclave of Bihac. Bosnia's Moslem-led government suspects the Serbs of preparing a new effort to seize Bihac, thus securing communication lines between Sarb-controlled areas of Bosnia and Croatia.

Military experts say a key factor in the outcome of any fresh hurst of fighting would be the effectiveness of the one-year-old federation, brokered by the US, between Croatia and the Moslems and Croats of Bosnia. As Serb commanders are acutely aware, there are several places where tbey would be vulnerable if the Croats and Moslems were to co-ordinate tbair forces.

One is the area round Brcko, wbere tbe corridor linking Serb-held lands in Bosnia with the Serbian republic narrows to a few miles.

Another is the remote Serb-controlled region of Plitvice, west of Bihac, which could face a two-pronged attack. If such an attack were successful it would split the largest Serb-controlled area of Croatia in two.

Croatia is apparently counting on a revamped mandate to change the role of the UN forces on its territory and obtain some real security for its borders.

But it remains to be seen how much protection can be afforded by the 500 or so military observers envisaged by the draft mandate that bas been circulating in New York this week.

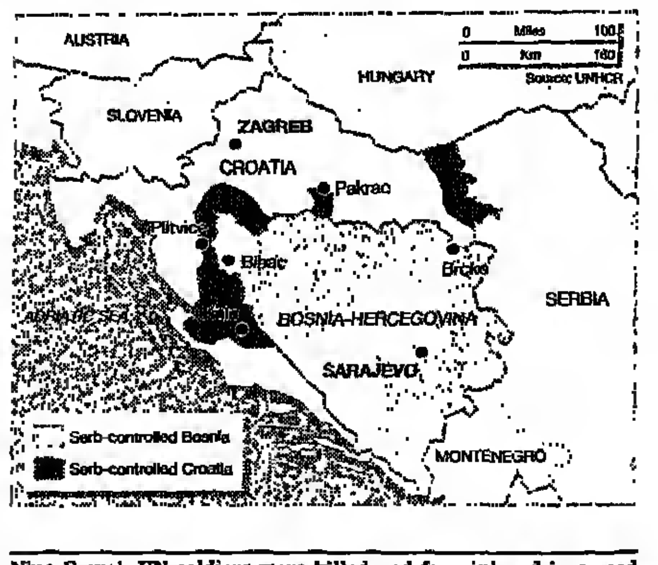
These observers could hardly prevent Serbia from resupplying its kinsmen in Croatia and Bosnia if it was determined to do so; but they could at least make it more politically embarrassing.

Western diplomats, in pressing Zagreb to reject the option of war, bave also told the Croats not to over-estimate their military strength.

At first glance, the Croatian Serb stronghold of Knin may look vulnerable to Croat forces wbo occupy the Troglav mountain in Bosnia which overlooks the town. However, the Serbs could retaliate with missile attacks on the ports of Zadar and Sibenik.

If Bosnia's Moslem leaders were to launch a new offensive, an obvious target would be the town of Trnovo, south of Sarajevo, which is currently in Serb hands but bolds the key to communication with tbe Moslem enclaves in the east of the republic.

Despite their nominal status as UN-protected areas, the enclaves of Gorazde, Zepa and Srebrenica remain acutely vulnerable to Serb retaliation in the event of Bosnian government advances in other parts of the republic.



Nine French UN soldiers were killed and four injured in a road accident on a mountain south of Sarajevo, the Bosnian capital, in the worst single incident since peacekeeping operations began in former Yngoslavia in 1992, writes Laura Silber. The accident occurred on Mount Igman, a strategic UN demilitarised zone overlooking Sarajevo. The vehicle slipped on an icy road and plunged down a ravine, said a UN spokesman. The wounded were flown by helicopter to Sarajevo airport. Mr Yasushi Akashi expressed his "profound condolences" to the bereaved families, as he left the Bosnian capital after two days of peace talks with the warring sides ended with no progress being made.

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EUROPEAN NEWS DIGEST

Italy set to pass finance package

The Italian government last night looked set to pass its L20,000bn ($12bn) mini-budget by a narrow margin in the chamber of deputies, but the final vote seemed likely to slip over to today. The prospect of the package of financial measures gaining parliamentary approval led to a slight improvement in the lira, which rose to L1,193 against the D-Mark compared with Monday's L1,205. Mr Lamberto Dini, the prime minister, yesterday warned the chamber that failure to endorse the mini-budget would have serious consequences for the lira and Italy's international credibility. The new measures, relying heavily on increases in petrol tax and VAT, are intended to hold the 1995 budget deficit to the original target of 8 per cent of GDP.

The government has been promised the support of the parties in the centre and on the left but the right-wing alliance headed by Mr Silvio Berlusconi, the former prime minister, is committed to voting against the package. This line-up would leave the government with a narrow victory in the 630-member chamber. The numbers could increase if some 15 members of Reconstructed Communism break party discipline and vote for the governmant. The main uncertainty has heen over the behaviour of the centrist Popular party, which is in the procesa of splitting, with the pro-Berlusconi members going against the government. *Robert Graham, Rome*

Rome court annuls RAI posts

The political battle for control of the RAI, Italy's state broadcasting organisation, took a new twist yesterday when a Rome labour court annulled the top editorial appointments in television and radio made last autumn by the former government of Mr Silvio Berlusconi. The court ruled that the appointments of news programme controllers of the three television channels and state radio were void because the broadcasting unions were not properly consulted. At the time, the unions protested over what was seen as overt political interference in the appointments, which followed hard on the heels of the government installing a new RAI management. The previous programme controllers will be reinstated, at least temporarily. The ruling comes as parliament wrestles with legislation to ensure fair media coverage of elections. *Robert Graham, Rome*

Moldova makes IMF pledge

Moldova, which has surprisingly emerged as one of the economic success stories of the former Soviet Union, has signed a new preliminary deal with the International Monetary Fund. Mr Leonid Talmaci, chairman of the central bank, told Reuters the memorandum of intent, signed by the central bank and the IMF, pledges to keep the budget deficit below 3.5 per cent of GDP and annual inflation down to 10 per cent this year. The tough targets contrast favourably with Russia's promise to keep its deficit to between 8-10 per cent of GDP and bring inflation down to average monthly levels of 4 per cent.

Moldova is already enjoying the benefits of an austere policy the government launched last year. Inflation last month was down to 2.3 per cent, in contrast with 11 per cent in Russia, and the lei, Moldova's currency, has only fallen to 4.42 to the dollar after being introduced in November 1993 at 3.85. In Russia, where the government has yet to make tough fiscal and monetary programmes stick, the rouble has nearly halved in value in the past six months. *Chrystia Freeland and Reuters, Moscow*

Corsican businesses in protest

The economy of Corsica was paralysed yesterday as some 20,000 of the island's businesses closed in protest at the commercial damage they have suffered from an unresolved month-long strike by public service workers. Employers and businesses said they hoped to put pressure on the Paris government and the public sector unions to reach agreement. Last Friday the government appeared to satisfy most of the island's public sector unions with a pay rise of 2 per cent, but a hard core is holding out for its original 3 per cent demand. *David Buchan, Paris*

Swiss transport terms agreed

European Union transport ministers yesterday agreed the terms on which the Commission will negotiate bilateral land and air transport deals with Switzerland, despite last-minute reservations about Berne initialling an open-skies accord with the US. Mr Neil Kinnock, EU transport commissioner, will begin talks soon with the Swiss on harmonising rules governing transport sectors.

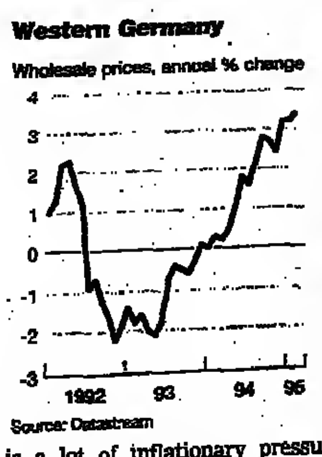
Negotiations between the EU and Switzerland suffered a setback last year when Swiss voters backed a referendum which would in effect ban road freight traffic by 2005. Swiss undertakings, including a commitment to divert road traffic to rail, finally unblocked the negotiations. Part of the commitment is to put sufficient railway capacity at the disposal of road hauliers to avoid traffic being diverted to neighbouring countries. Switzerland has also undertaken to open its railway network to EU operators. The open skies deal with the US had raised fears among some member states that the US would gain access to the liberalised EU without conceding anything in return. *Caroline Southey, Brussels*

Angry exchanges in Tapie trial

The trial of Mr Bernard Tapie, the colourful French businessman and politician, on charges with four others of rigging a football match was temporarily suspended yesterday following angry exchanges as the lawyer for a key witness demanded police protection. Ms Gilbert Collard, acting for Mr Jean-Pierre Bernès, the former general manager of Olympique de Marseille, who on Monday told the ceurt that Mr Tapie tried to persuade him to bribe players of a rival team in 1993, said the politician had threatened his security. Mr Tapie replied: "It's a set-up." Mr Tapie, who denies charges of match-rigging and interfering with witnesses, took the stand for the first time yesterday, on the second day of the trial. *Andrew Jack, Paris*

ECONOMIC WATCH

W German wholesale prices rise



Source: Datastream

West Garman wholesale prices showed their biggest rise in more than five years in February, triggering fears that inflationary pressures could be building up. The Federal Statistics Office said the wholesale price index rose 0.7 per cent in February from January and was 3.4 per cent higher than in January 1994. This was the highest year-on-year rise since December 1989 and was well above forecasts. December 1994 and January 1995 had annual changes of 3.2 per cent, both well above the 1.6 per cent average of 1994. "The figures show there is a lot of inflationary pressure in the pipeline from raw material price rises and the strong industrial recovery of 1994," said Mr Joachim Fels of Goldman Sachs in Frankfurt. "This means tha trend to lower consumer price inflation has been broken. If pressure on exchange rates eases, the Bundesbank may have to put interest rates up." However, other analysts said the seasonal foodstuff price rises had caused the increase and weakness of commodity prices and the strong mark should put downward pressures on prices. *Reuter, Bonn*

■ Finnish unemployment fell to 480,099 (19.7 per cent) in February from 19.9 per cent in January.

■ Dutch non-seasonally adjusted unemployment fell to an average of 484,000 in December-February (7.5 per cent of the labour force) from 492,000 (7.6 per cent) in November-January.

Brussels warms to rescue for French bank

By Andrew Jack in Paris

Mr Karel Van Miert, the European competition commissioner, yesterday appeared to indicate tentative support for a second French government rescue of Crédit Lyonnais, the troubled state-owned bank, even as domestic criticism against it intensified.

Mr Van Miert, speaking in Strasbourg, where the European parliament is currently in session, said the outline he had heard for a new restructuring of the bank was "a good approach", despite his earlier remarks that he wanted a formal inquiry about state support.

However, he stressed that Crédit Lyonnais would itself have to make a substantial contribution from its side to match any state aid in order to avoid distorting competition.

His comments came after an hour-long meeting with Mr Edmond Alphandéry, the French economics minister, who is co-ordinating a new package of support for the bank likely to be made public in the next few days.

Mr Alphandéry said yesterday that French taxpayers would not be required to contribute to the plan, while Mr Van Miert added thet it would involve sales of both performing and non-performing assets.

"Crédit Lyonnais... has no doubt generated considerable losses but [it] has the capacity to absorb them given time and furnished with the means," said Mr Alphandéry.

The comments appeared to support suggestions that the structure of the rescue could include asset sales and a long-term loan underwritten by the French state which the bank would ultimately repay.

It is expected to report 1994 losses of about FFr10bn ($2bn) and receive state-backed guarantees in excess of FFr100bn.

However, Mr Edouard Esparbès, head of Credit Agricole de l'Ile de France, a large mutual bank, said yesterday that the rescue plan was a "distortion of competition" and that it did not appear to involve sales of core assets.

"We would prefer that they sold some retail branches rather than cinemas in Europe," he said, in a reference to the sale of its MGM assets to be completed by early summer.

Meanwhile, Mr François d'Anbert, a French deputy and chairman of the critical parliamentary inquiry into the bank held last year, called both for an extraordinary session and for a judicial inquiry into the bank.

Mr Alain Madelin, minister for small business and a strong supporter of Mr Jacques Chirac, the mayor of Paris currently standing for the French presidency, said the collapse of Barings, the UK merchant bank, was "peannts" compared to Crédit Lyonnais.

It also emerged yesterday that one possibility being discussed hy the French state was an exchange of the 21.93 per cent stake in Crédit Lyonnais held by Thomson-CSF, the defence and electronics group, for other shares in companies likely to be privatised more quickly.

Farmers firmly behind Aho

Finnish PM's support for EU membership has not dented his popularity as polls approach, reports **Hugh Carnegy** from Lapland

A howling gale that swept icy sleet across Lapland on Monday night played havoc with the television signals from faraway Helsinki, but at last Mr Joanni Kulmunki managed to tune in to the election debate that a group of 20 neighbours bad gathered to watch together at his 200-year-old dairy farm.

Here in the remote community of Luusua, perched almost exactly on the Arctic Circle and still buried under snow, most people have two political characteristics in common: their support for the rurally-based Centre party of Mr Esko Aho, the prime minister, and their hostility to Finland's recent entry to the European Union, which has led to a 10 per cent cut in income for the country's super-subsidised farmers.

Esko Aho: "Still the best man", supporters say

Mr Aho's keen advocacy of joining the EU in last October's national referendum threatened to split the party and make his task of fending off a resurgent Social Democratic opposition in next Sunday's general election even more difficult than it already looked.

But Mr Kulmunki's friends were unhesitating in their support for the prime minister as the fuzzy screen cleared and be squared off against Mr Paavo Lipponen, the SDP leader, in the television debate. "Of course there were obstacles for Aho – many people disagreed with him strongly on the EU. But we have to look ahead now. Ha is still the best man to be prime minister," said Mr Kulmunki.

In fact, the EU issue, which so dominated Finnisb national affairs last year, was not mentioned once during the TV debate.

"There has been almost no discussion of foreign policy in this election. In the past three months, this great argument over the EU has slowly subsided," said Mrs Outi Oinas, a Centre party candidate in Lapland, whicb in the 1991 election returned five Centre party deputies out of eight MPs elected from the region.

Instead, the chief issue has been the economy. Mr Aho, in coalition with the Conservative party, should be reaping the benefit of a vigorous export-led rebound from recession that began last year, which has produced growth expected to be 6 per cent this year.

But with unemployment still at 18 per cent of the workforce and public spending tightly reined, much of the tone of the election campaign is one of continued economic crisis. This has been reinforced by a nurses' strike which has severely curtailed hospital services over the past two weeks.

The Social Democrats, under the dour but solid leadership of Mr Lipponen, have profited by promising more activa measures to combat unemployment (although they have been short on specifics), while offering to spread the burden of spending cuts on to agriculture subsidies and industry supports as well as welfare. They are expected to win up to 30 per cent of the vote on Sunday. That would reverse the drop to 24 per cent they suffered in the 1991 election and return them to their customary position as the biggest parliamentary force.

A new government, with Mr Lipponen at its head, is therefore widely expected. But with no prospect of the party winning sufficient strength to form an administration on its own, the question is what shape a new coalition will take.

Until recently, the formation again of a Social Democratic-Conservative partnership, an odd ideological combination whicb neverthelesa was in office between 1987 and 1991, was regarded as the likeliest outeome. But tbe Conservatives, led by Mr Sauli Niinistö, have performed poorly and appear to be losing support to a small populist liberal party, the Young Finns.

Meanwhile, Mr Aho has led a spirited fightback by the Centre party, which seems certain to retreat from its emergence in 1991 as the biggest party hut could still come second. Mr Aho is a far more relaxed and effective television performer than his main opponents. In Monday's debate he was lively and combative where Mr Lipponen was plodding and non-committal, neatly making fun of Mr Lipponen's "Moses" nickname. "As far as I remember, Moses never reached the Promised Land," he joked.

In terms of policies, the main difference betwean the SDP and the Centre party is the former's insistence on cuts in support for agriculture and industry. Under Mr Lipponen, the SDP is inclining towards measures favoured by Mr Aho such as reforms of Finland's rigid labour market to stimulate employment. To stabilise public debt, now running at 70 per cent of gross national product, the SDP is proposing FM20bn ($4.7bn) in new budget savings over the next four years; the Centre party up to FM18bn.

As the election draws closer, many observers are beginning to predict an SDP-Centre coalition. Both Mr Lipponen and Mr Aho said on television they were prepared for "constructive" talks after the election. Significantly perbaps for Mr Aho, a coalition is an outcoma Mr Kulmunki and his neighbours in Lapland say they would accept.

Despite their instinctive hostility to the "anti-farmer" Mr Lipponen, they believe the SDP could help the battle against unemployment by aligning the trade unions with government policy.

"The wider the basis of the government, the better," said Mr Kulmunki, before his guests beaded back out into the storm.

Spanish interest rate up half point as inflation surges

By David White in Madrid

The Bank of Spain yesterday raised its benchmark interest rate by half a point to 8.5 per cent as the government announced a disappointingly high 0.5 per cent rise in prices last month over January.

The interest rate increase, the second since the Bank of Spain gained independent status at the beginning of the year, was widely expected in the aftermath of the peseta's 7 per cent devaluation in tbe European Monetary System on March 6.

The Spanish central bank had already pushed up its daily intervention rate after the realignment and most banks raised their prime lending rates by half a point in anticipation of the move.

However, some analysts were expecting a larger rise in the benchmark rate, in line with measures taken in other European countries.

Yesterday was the first opportunity since the devaluation for the Bank of Spain to set its new rate in the 10-day repurchase tender for central bank certificates.

The move brings Spanisb interest rates back to the level of just over a year ago after cuts in 1994 reduced the benchmark figure to a low of 7.35 per cent.

Mr Pedro Solbes, economy minister, said yesterday be hoped it would be possible to resume the downward trend. Ha added that the previous increase in January, meant by the Bank of Spain to head off inflation, had been misinterpreted as a measure to support the peseta.

The CEOE employers' body said the increase in borrowing costs would have a negative effect on companies and called on the government to take further action to curb the public sector deficit. It described the February consumer price figure as "a bad result".

The prices increase, which was at the top end of market expectations, left the 12-month inflation figure at 4.8 per cent, compared with 4.4 per cent in January, and was the highest rate since August last year.

Mr Solbes admitted the figure was worse than expected, following a one point increase in January wben higher value-added tax rates came into effect. But he said the government's target of 3.5 per cent for the year was still not impossihle.

Prices for foodstuffs, especially potatoes and olive oil, were blamed for much of the rise, climbing 0.6 per cent in the month and 6 per cent over the year. However, industrial goods showed a more moderate 0.3 per cent increase, attributed by the government to improved productivity and wage moderation.

Policy statement enshrines Russian vow of austerity

By Chrystia Freeland in Moscow

The Russian government and the central hank have published a tougb joint policy statement publicly enshrining the government's promise to steer an austere monetary course this year.

The heart of the 17-page policy statement is a vow to renounce the Russian government's traditional practice of financing the state hudget deficit through cheap central bank credits. This practice, whicb amounts to printing money, was the Achilles' heel of previous Russian efforts to stabilise the economy and bring down inflation, and caused the collapse of the government's stabilisation programme last year.

The paper is a bold public statement of the stern monetarist principles which bave already earned Mrs Tatianna Paramonova, wbose appointment as chairwoman of tbe Central Bank has not yet been ratified, lavish praise from western bankers and economists. International Monetary Fund officials admiringly describe her as "Russia's iron lady" and a western banker recently said that she was so tough "she wouldn't issue credits if you put a revolver to her forehead".

Her predecessor, Mr Victor Gerasbcbenko, demonstrated so great an affinity for issuing cbeap credits that Harvard Professor Jeffrey Sachs was prompted to describe him as "the world's worst central banker".

With this week's policy paper, Mrs Paramonova has publicly promised that the issue of government promissory notes, which have been appearing since last September and have acted as a hidden source of money creation, will be restricted from April 1 and that no notes will be issued which come due after July 1 1996.

The policy paper is certain to earn her further praise from the IMF but her real test, and the greatest challenge for Russia's stabilisation programme, is likely to come this summer when the agricultural and industrial lobbies begin to feel the pinch of monetarism and increase pressure on the Kremlin for a renewed flow of the cheap credits she has vowed not to release.

● President Boris Yeltsin yesterday appointed Mr Sergei Medvedev his new cbief spokesman. Mr Medvedev, a 37-year-old television journalist, replaces Mr Vyacheslav Kostikov, who will become Moscow's ambassador to the Vatican.

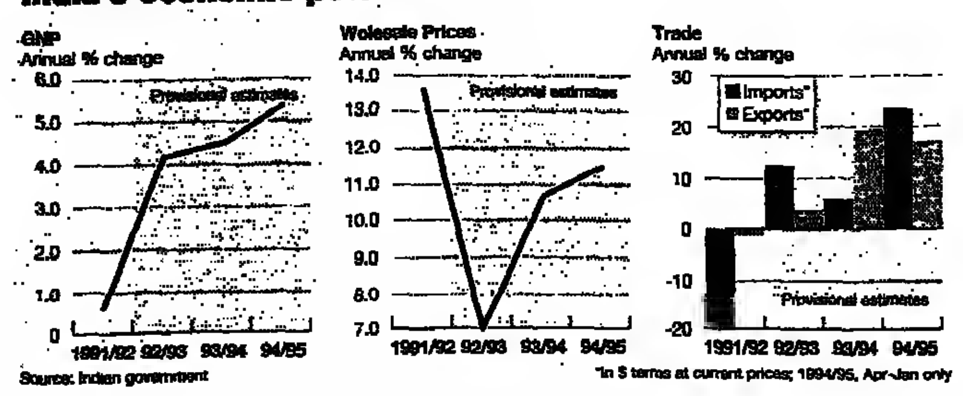
The clique of hardline representatives of the security forces wbo bave become increasingly close to Mr Yeltsin over the past few months has highlighted the importance of tbe presidential press spokesman as one of the few publicly accessible gate-keepers to tbe most powerful man in Russia.

NEWS: ASIA-PACIFIC

India shows strong economic growth

Indian finance minister Manmohan Singh in New Delhi on the eve of today's 1995-96 budget *Reuter*

India's economic performance



Source: Indian government

*In $ terms at current prices; 1994/95, Apr-Jan only

By Mark Nicholson in New Delhi

India's economy grew by 5.3 per cent in 1994-95, its strongest performance in four years, while the government is on target to cut the fiscal deficit to 6 per cent of gross domestic product from 7.3 per cent in the preceding fiscal year, according to the finance ministry's annual economic survey released yesterday.

However, the survey warned of persistent inflationary pressures in the economy, urged further fiscal tightening and said only additional tax and trade reforms would keep India's balance of payments from "renewed stress".

It also cautioned that the achievements of four years' liberalising economic reforms were "not free from threat".

The warning follows strong anti-establishment votes in recent state elections which ousted the ruling Congress party from power in Gujarat and Maharashtra, two of India's most economically vibrant states.

Congress has conceded defeat in Maharashtra, the capital of which is Bombay, with the state governor yesterday asking the right-wing Hindu nationalist alliance of the Bharatiya Janata party and the more militant Shiv Sena to form a government. Mr Manohar Joshi, a senior Shiv Sena leader, is to be sworn in as chief minister today.

The economic survey voices finance ministry concern on the eve of today's budget that these electoral reverses, attributed by opposition and some Congress politicians to "anti-poor" effects of reforms, should not be permitted to deter further liberalising measures.

To those arguing for "populist" expedients and higher government spending, the survey warns of the "serious consequences" of fiscal excess, saying the effects of "fiscal populism" can be "extraordinarily high and long-lasting". It states: "The sustainability of growth depends on seeing a measured and sustainable reduction in fiscal deficit."

Though the government overshot its fiscal deficit target of 4.7 per cent for 1993-94, last year's budget "restored central finances to the path of fiscal balance", the survey says. A chief factor was the rationalisation and moderation of tax and excise rates which widened the tax base and boosted revenues, by 53 per cent from corporate and personal taxes and by 18 per cent from customs and excise duties.

Nevertheless, the survey says the fiscal deficit remains high and is contributing both to inflation, which exceeded an annual rate of 11 per cent in February, and upward pressure on interest rates, which it says is hampering private sector investment.

The survey hints at further possible reforms in today's budget, saying tax, tariff and excise reforms should deepen, that remaining industrial licences should be phased out and tariff-based trade controls widened. It also said that consideration of opening the country's insurance sector to private and foreign investment, the subject of much foreign lobbying, was at an "advanced stage".

It says India's strongest growth rate since Mr P. V. Narashima Rao, the prime minister, began liberalising reforms in 1991 flowed from a "surge" in industrial output, up 8 per cent in 1994-95, and "robust agricultural performance". Capital goods investment rose 21 per cent in April-October 1994, while the proportion of bank lending to the private sector more than doubled to 13.6 per cent between April and this January. "There are clear indications that a sustained and broad-based industrial recovery is under way," it says.

In the external sector, exports rose 17 per cent in dollar terms in the first 10 months and the survey said India's current account deficit was unlikely to exceed 0.5 per cent of GDP in 1994-95. It says current account improvements had swelled foreign exchange reserves, to $19bn by February, but stressed the need to retain substantial foreign exchange holdings as the economy opens further to foreign capital flows.

India's stock of foreign debt fell in 1994-95 by $270m, while the proportion of short-term debt fell to 3.1 per cent by the end of September 1994, from 10 per cent at the end of 1991.

See Feature Page 13

ASIA-PACIFIC NEWS DIGEST

S Korea in local elections pact

South Korea's governing and opposition parties yesterday reached a sudden agreement on a controversial local election law. The accord ended a month-long political dispute that disrupted parliamentary proceedings, including the forced detention of the national assembly speaker at his official residence by opposition MPs last week.

The government last month proposed a law banning political parties from participating in the June 27 local elections, the first in 35 years. Instead, candidates would stand without any political affiliation in a move which was aimed at ensuring clean campaigns and reducing election spending. The opposition Democratic party claimed the law was designed to prevent it from scoring a visible victory in the first electoral test for the administration of President Kim Young-sam since he came to power two years ago. Mr Kim has suffered a slide in popularity during the past year. Under the compromise, political parties can nominate candidates for county heads, mayors and ward positions, but not for minor positions such as local councillors. *John Burton, Seoul*

Japan machinery orders ease

Machinery orders in Japan fell by a seasonally adjusted 6.1 per cent in January, marking the first decline in three months, according to the Economic Planning Agency. The decline, however, was in reaction to a substantial rise the preceding month, and the EPA believes the trend is still upwards. On a year-on-year basis, orders rose 1.7 per cent.

In December machinery orders, a key gauge of the level of plant and equipment investment in Japan, rose by 9.1 per cent month-on-month, after a 0.1 per cent rise in November. The agency had not seen any direct impact from the January earthquake in western Japan which damaged a large part of the port of Kobe. It attributed this to the long-term nature of machinery orders. *Michiyo Nakamoto, Japan*

HK extradition appeal refused

Britain's highest appeal court yesterday refused to let a former Hong Kong banker appeal against a decision to extradite him to the colony to face bribery charges. Mr Ewan Quayle Launder, 58, a former chief executive of Wardley, the investment arm of banking group HSBC Holdings, received the extradition order in April but has been fighting the decision since then through the courts.

He faces 14 charges of accepting bribes totalling more than £4m ($6.3m) from two Hong Kong businessmen in return for granting $122m worth of loans. The House of Lords, after a private hearing, refused him permission to appeal against a High Court decision to uphold the extradition order. He had been pursued for six years by investigators at Hong Kong's Independent Commission Against Corruption. *Reuter, London*

■ The Australian Securities Commission, the industry watchdog, announced yesterday it had signed an agreement with the French Commission des Operations de Bourse, covering the exchange of regulatory information and investigative assistance. *Nikki Tait, Sydney*

■ China had a trade surplus of $1.77bn in February, compared with a deficit of $228m in the same period a year ago, helped by exports of finished products, customs statistics showed. Exports were $8.9bn, compared with $9.19bn in January, but up $5.734bn in February 1994. *Reuter, Beijing*

■ Mr Tatsuro Toyoda, president of Toyota Motor, has been ordered by doctors to give up work until "early summer" to be treated for high blood pressure, the company said yesterday. He may also step down as head of the Japan Automobile Manufacturers' Association. *AFP, Tokyo*

Opposition to mount blockade of Dhaka

By Peter Montagnon in New Delhi

Opposition parties in Bangladesh are to mount a blockade of the capital, Dhaka, next week in the hope of forcing the government of Mrs Khaleda Zia to step down in favour of a caretaker administration which will hold fresh elections. The move was announced yesterday at the end of a two-day general strike which paralysed the country's leading cities. The blockade marks an intensification of the crisis which started with opposition withdrawal from parliament last year, and business leaders say it now appears to be entering its final phase.

The opposition Awami League has accused the governing Bangladesh Nationalist party of rigging the 1991 general election and subsequent by-elections. Street violence is expected to increase in coming weeks as the opposition pushes its case. So far the strikes have cost little output. But they have slowed economic reforms and public support for them may dwindle if they fail to end the political stalemate.

HK delays lifting interest curbs

By Simon Holberton in Hong Kong

The Hong Kong Monetary Authority yesterday postponed full interest rate deregulation, citing confusing monetary data and concerns about the impact of the liberalisation on the structure of deposits in the colony's banking system.

The authority said that uncertainty had been created by volatile financial markets which in turn had led to "distortions" in recent monetary data. It decided that more time was needed to assess the impact of deregulation, and said it would return to the issue in August or September.

The deferral of interest rate controls on deposits of 1-7 days, which was to take place at the beginning of next month, was seen as a victory for Hong Kong's banking cartel which has enjoyed regulated deposit rates for 30 years.

Banks, whose profits are under pressure from rising interest rates and a slowing domestic economy, have been lobbying vigorously for deferral. They fear profits will be cut further if they have to pay interest on short-term retail deposits and cheque accounts, as full deregulation implies.

The authority broadly accepted recommendations from Hong Kong's consumer council that rates should be set by market forces rather than agreement among banks. Interest rates on deposits of a duration longer than a week have been progressively deregulated since October.

But the HKMA said yesterday that a survey of 40 banks in January indicated a "significant migration" of money from controlled savings and current accounts to deregulated time deposits. The authority proposed deferring further liberalisation at yesterday's meeting of the Executive Council, Governor Chris Patten's senior advisory body.

● Two residential property sites were sold at auction in Hong Kong yesterday, suggesting that the slide in the colony's property market might have abated. Sun Hung Kai paid HK$1.61bn ($208m) and Hang Lung Development HK$1.24bn for the two sites. Both prices were within market expectations but what cheered analysts was the participation in the bidding of Cheung Kong and Henderson Land, two property giants.

Green Australia at amber light

Bold environmental measures are being deferred and rethought

By Nikki Tait in Sydney and Haig Simonian in London

Australia's attempts to underline its green credentials appear to be in danger of foundering.

Last month, the federal cabinet deferred a decision on a package of voluntary measures and targets to cut carbon dioxide emissions over the next five years. That followed the abandonment in January of plans for a carbon tax, which was scrapped after intense industry opposition. Businessmen warned that a levy could damage economic growth in general and export competitiveness in particular - something Australia badly needs to improve.

Senator John Faulkner, the federal environment minister, said the latest delay should win time to strengthen the proposals and ensure they would have the widest impact. He also promised the pause would be temporary and that Australia's response to the "greenhouse gas" problem would be ready by the Berlin conference on climate change which starts on March 28.

"The government has agreed there needs to be strong integration of greenhouse measures in policy development and decision-making across all government departments," he said.

Environmentalists are sceptical. Mr Peter Kinrade of the Australian Conservation Foundation said the delay might indicate the government had realised its efforts to tackle the problem lacked international credibility.

But he also warned that policy appeared to be paralysed. "The government has refused to introduce major new initiatives to reduce emissions but wants to be seen to be taking positive action."

This dilemma is not restricted to Australia. Many fast-growing Asia-Pacific countries want to show their environmental concern, but without harming economic development. But the problem is acute in Australia because its vociferous green lobbies are politically important.

Emission levels are also fairly high. The country ranks 15th in the world for total energy-related CO_2 emissions and, with its small population base, is behind only the US, Canada and Russia in CO_2 emissions per head.

VANISHING ISLANDS AND CO_2 EMISSIONS

Developing countries will be deeply split at a conference on climate change in Berlin this month after failing to agree on controversial proposals from many small Pacific island states for a large cut in carbon dioxide emissions, reports Haig Simonian, Environment Correspondent.

The plan, devised by the Alliance of Small Island States (Aosis), calls for a cut of at least 20 per cent in CO_2 emissions by the year 2005, compared with 1990 levels.

The scheme, to be submitted at the start of the Berlin conference on March 28, goes far beyond the hard-won agreement at the 1992 Rio Earth Summit to stabilise CO_2 emissions at 1990 levels by 2000.

The Berlin meeting is the first big follow-up to Rio and will include around 5,000 delegates from 180 countries. Many, however, including officials from the developing world, have serious reservations about the Aosis project.

The scheme, unveiled in New York last month at a preparatory meeting for the Berlin conference, is paramount to its sponsors. Some fear their very existence as states may be at stake. Although research is unclear, some scientists believe the climate is changing because high emissions of "greenhouse gases", such as CO_2, are making the planet warmer.

That could accelerate melting of polar ice, raising the sea level. Higher seas would be disastrous for many low-lying island states, such as the Maldives and some Pacific atolls. The highest point on some islands is little more than a metre above sea level.

The Aosis plan has been proposed by Trinidad and Tobago. Its government argues global warming could erode coastlines, contaminate drinking water by sea water intrusion and threaten species. However, even some members of the G77 group of developing countries have found the proposal highly unpalatable.

Caribbean islands back the scheme because they believe their climate has already changed for the worse.

Some delegates say hurricanes have become more frequent and fiercer, droughts are lasting longer and have become more common, while daytime temperatures have climbed.

However, sharp differences exist among developing countries over further CO_2 commitments. Oil producers abhor the idea, while some big developing states, such as China, have called for a much more gradual approach.

On paper, Australia's objectives are laudable. The government has endorsed the international target of stabilising CO_2 emissions at 1990 levels by 2000 and introduced a tougher goal of returning to 1988 levels by the end of the century and to a level 20 per cent below that by 2005.

The problem is that emission of greenhouse gases such as CO_2 and methane are expected to rise by about 82m tonnes (about 14 per cent) over the 1990-2000 period, according to the environment department.

The ministry claims existing measures, such as an extensive tree-planting scheme, will help significantly. But a large gap, amounting to perhaps half the total figure, has still to be bridged.

These figures are broadly corroborated by the National Institute of Economic and Industry Research. In a study commissioned by the electricity supply industry, the NIEIR said stabilisation at 1990 levels by 2000 for CO_2 alone required a 72m tonne reduction. To meet the 2005 target, CO_2 emissions would have to fall by 169m tonnes or 43 per cent.

Many environmentalists believe that even if a carbon tax is ruled out, voluntary reductions should be tough, monitored carefully encouraged through incentives.

The ACF, for example, has urged the government to look at the Netherlands model. Industry agreements should specify obligatory targets. Companies would have to report annually to an independent authority on their progress and bear penalties if they underperform. The government would also provide financial incentives to encourage energy efficiency and fund research and development.

Industry, meanwhile, argues that meeting either the 2000 or the 2005 targets would cost the economy dearly. The NIEIR study, for instance, says that observing the international stabilisation objective for CO_2 would cost A$24bn (£11bn) in terms of gross domestic product over the decade.

Achieving the tougher domestically-imposed goal of 1988 emissions by 2000 would raise the cost to A$60bn. (The calculations assume some form of carbon tax, fairly stringent demand management, a heavy reforestation programme and the replacement of most coal-fired power stations by combined-cycle gas turbines.)

The NIEIR argues that emission abatement can be achieved through lower economic growth, greater energy efficiency through demand management, improving thermal efficiency on the supply side by, say, switching from coal to gas-fired or even nuclear generators, or by encouraging a switch from energy-intensive activities to lower energy pursuits.

Each has unpalatable side effects, either politically or in terms of Australia's international competitiveness. Energy intensive industries such as aluminium are big foreign exchange earners. Investment in energy efficient equipment, including conversion gas-fired power stations, could hurt the balance of payments as much of the equipment would come from abroad.

Moreover, Australia's abundant coal supplies may be harmful environmentally, but at least give an advantage in terms of relatively low electricity prices, helping to offset its relatively high labour and transport costs.

There have been suggestions that the package which Mr Faulkner took to cabinet last month included cutting about 15m tonnes of greenhouse gas emissions by the end of decade through voluntary agreements alone. Now, word is that the matter will resurface for discussion in Canberra next week.

Whatever the outcome, conservationists will be eager to see the fine print.

Housing secretary faces probe

By Jurek Martin in Washington

The Clinton administration was yesterday saddled with another apecial prosecutor – this time to investigate the private affairs of Mr Henry Cisneros, the housing secretary.

At issue is whether Mr Cisneros lied in the course of an FBI background check before his appointment about financial payments made to Ms Linda Medlar, his mistress during and after his service aa mayor of San Antonio, Texas.

She claimed last year he had paid her $150,000 between 1990 and 1992 but had told the FBI he had only paid $60,000. Her allegations were based on 40 hours of telephone conversations with Mr Cisneros which she had secretly tape-recorded.

Ms Janet Reno, the attorney general, said Justice Department investigations had established that information provided by Mr Cisneros was "false" and that he had paid Ms Medlar more than he had told the FBI. She had, therefore, no alternative but to seek a special prosecutor.

Mr Cisneros said yesterday he could not "envision a circumstance where they'll conclude thet any wrongdoing was done". But he hinted at possible resignation by adding he would "never let any error I might have made damage the president".

Special prosecutora have been a bane to the administration. The law has been used to appoint one – now Mr Kenneth Starr – to investigate the Whitewater affair affecting Mr and Mrs Clinton's land and financial dealings in Arkansas.

It was also invoked in the case of Mr Mike Espy, who resigned as agriculture secretary late last year in the face of charges that he had accepted favours from agribusiness interests. This investigation has still not been completed

Also operating under a cloud of suspicion are Mr Federico Peña, the transport secretary, and Mr Ron Brown, secretary of commerce.

The Justice Department has launched preliminary 90-day inquiries into the private business dealings of both cabinet members.

The Peña case centres on whether the Los Angeles transit system benefited unduly from federal contracts following the award to his former investment partnership, shortly after he left it in 1993, of a contract to manage some of the system's pension funds.

$6.7bn FINANCE PACKAGE UNVEILED

Argentina acts to end crisis

By David Pilling
In Buenos Aires

Argentina has unvelled a $6.7bn (£4.2bn) financing package, including $2bn of new loans from tha International Monetary Fund, in an effort to overcome the financial crisis unleashed by Mexico's devaluation last December.

Mr Domingo Cavallo, economy minister, announcing the strategy on Monday night, said the package, to be bolstered by a planned fiscal surplus of $4.4bn, would put to rest all concern about a possible devaluation, default on public debt or a banking crisis.

"We have an additional $11.1bn that will allow us to ratify convertibility [the country's currency board system], that is the backing in gold and foreign currencies of Argentina's money, to ensure the timely payment of $5.2bn in debt maturing in 1995 and to consolidate Argentine banks," he said.

Although much of the package is not new, markets have recovered strongly in the run-up to the IMF deal, with the blue-chip Merval index rising 23 per cent in the last three sessions and Brady bonds recovering sharply.

Argentina's financial plan ($m)

IMF	2,400
World Bank	1,300
Inter-American Development Bank	1,000
Three-year bond (domestic)	1,000
Three-year bond (external)	1,000
International and domestic credits	6,700
Strategic privatisations (nuclear, hydroelectric, petrochemical plants)	1,000
Equity placements (state holdings in previously privatised companies)	1,400
Budget surplus (after interest payments, before privatisations)	2,000
Fiscal surplus (after interest payments, with privatisations)	4,400
TOTAL	11,100

Source: Ministry of Economy

By lunchtime yesterday, the Merval index was up a further 6.95 per cent in heavy trading. Short-term interbank rates have dropped to around 20 per cent from a peak of 90 per cent two weeks ago.

Market confidence has returned in spite of Mr Cavallo's admission that the economy is only likely to grow by 3 per cent this year, against a previous estimate of 4.5 per cent.

The rest of the package will comprise $1.3bn from the World Bank, $1bn from the Inter-American Development Bank and the placement of $2bn worth of medium-term bonds to carry an interest rate of 3 points over Libor. Many big Argentine companies have agreed in principle to subscribe to the $1bn domestic tranche of the bond issue.

At least $1bn of World Bank and IADB funding, to be used to push through privatisations of debt-ridden provincial banks, had already been in place.

The $2bn in IMF loans, whicb comes in addition to $420m of existing facilities agreed earlier this month, must be approved by the Fund's board in Washington. It is thought unlikely that the money will be disbursed in a single tranche. Argentina needs the cash as quickly as possible in order to overcome the aharp credit crunch that has already caused the fall of two wholesale banks.

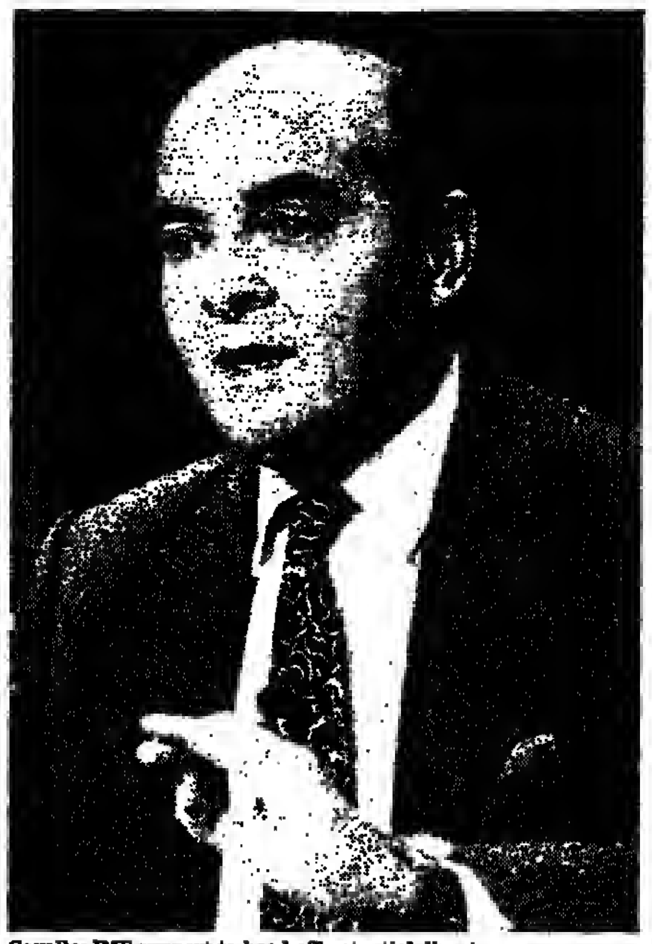
In return for the loans, Argentina has agreed to raise value-added tax (probably by 2 or 3 percentage points from its 18 per cent level) as well as to cut export incentives and reduce rebates on employer contributions. The administration has rejected IMF proposals that it also raise taxes on fuel, beer and cigarettes.

Argentina will also seek to raise import dnties on aome goods, but will have to negotiate any such changes with fellow members of the Mercosur customs union.

Many of the new tax measuras being brought in at the insistence of the Fund run counter to the supply-side policies that have been pursued by Mr Cavallo over the past three years. But tha Argentine government, concerned that deepening crisis could provoke a run on the banks, has bowed to IMF pressure in return for financial assistance.

On Monday, two small retail banks said they were unable to meet depositors' demands and would have to place restrictions on withdrawals. Since Mexico's crisis deposits in the Argentine system have fallen by $4bn, or 10 per cent.

Lex, Page 14



Cavallo: IMF support to head off potential disaster AP

Tourism boosts growth in Caribbean

By Canute James in Kingston

Growth in Caribbean economies this year will depend on continued economic expansion in the industrialised countries, and on closer integration of the region's economies, the Caribbean Development Bank said in its latest report.*

The area's performance was uneven last year, with output showing an "upward drift". The main sectors were mixed, with tourism showing the strongest growth in most economies, boostad by demand from North America and Europe.

The Barbados-based CDB, which has resources of $826m, provides project loans for its 17 borrowing members. Its main contributors are the US, Canada, Britain, France, and Germany.

Economies dapendent on agriculture did not fare wall. Ontput in the Windward Islands was hit by changes in marketing arrangements for bananas, and storms, drought and strikes hit banana output in St Lucia.

The most buoyant economies last year were Anguilla and Guyana, the only ones which recorded growth of over 5 per cent.

The Bahamas and Jamaica grew by less than 2 per cent, mainly because tourism performance was poor. Jamaica also suffered from damage to crops caused by drought and then by unexpectedly heavy rains which flooded fields.

Unemployment levels remained high. However inflation generally remained low, the result of subdued growth in demand and stable import prices.

Manufacturing expanded moderately but the sector remained a small contributor to GDP, with tbe outlook hardly encouraging. The services sector was more encouraging, notably financial and offsbore business activities.

*CDB Annual Report 1994, Wildey St Michael, Barbados, West Indies.

Mexico plans return to overseas capital market

By Lisa Branston and Richard Waters in New York

Mexico plans to return to the international capital markets to raise money before this summer, Mr Guillermo Ortiz, the finance minister, said yesterday. However, it would not rely on international investors to the same extent as in the past, and would consider methods to reduce the volatility of capital flows.

Mr Ortiz's comments came in a visit to New York to persuade investors that the tough austerity package announced last week was enough to restore the country's financial stability. A similar attempt in January failed as international investors continued to flee the country, prompting a $50bn US-led rescue plan.

Mexico would experiment with raising "small amounts" internationally in various ways, Mr Ortiz said, and intimated that it would look to longer-term borrowings than in the past.

"We are hoping that different kinds of investors will take an interest in Mexico and we will gradually return to the capital markets, though at a reduced level than before."

So far, Mexico has paid off around $12.5bn of its short-term, dollar-linked debt, known as tesobonos, leaving $17.5bn outstanding. Also, commerical banks have repaid $2bn of certificates of deposit, Mr Ortiz said.

To reduce the reliance on international capital in future, Mexico would introduce fiscal incentives to lift domestic savings, he said. These would be aimed partly at boosting the growth of private pension plans. The country would also consider new methods, such as a tax on short-term investments, to discourage the sort of capital flight which characterised this year's financial crisis, he said.

The comments came before a meeting with investors and bankers in which Mr Ortiz outlined the package of tax increases and other measures designed to reduce Mexico's current account deficit and bring its soaring inflation rate under control.

His comments met a muted reaction, as investors continued to question the political difficulties administration of President Ernesto Zedillo faces in imposing tha package. The Mexican peso slipped against the dollar yesterday morning to 6.52 from 6.39.

There would be no further attempt to gain the formal assent of labour unions in Mexico to the plan, Mr Ortiz indicated. "We can't hope to get the same kind of mechanisms as in the past. We are moving into a more decentralised wage bargaining mechanism. What we're trying to build is a national consensus that this is what is required... over the medium term."

Mr Ortiz indicated plans to raise capital through privatisations were moving ahead. A committee to oversee the privatisation of petrochemicals and electric utilities would be set up by the end of next week.

Editorial comment, Page 13

UN attacks Guatemalan human rights violations

By Edward Orlebar
In Guatemala City

Failure to prosecute in Guatemala is the most serious obstacle to respect for human rights, according to a damning report released by the United Nations human rights monitoring mission in the country.

The UN report points to widespread involvement of the security forces in a myriad of buman rigbts violations and the failure of the state to administer justice.

"The mission has established the existence of a high and persistent number of serious buman rights violations, almost all of which have been left unanswered by the relevant authorities," said Mr Leonardo Franco, the mission's director, citing its first report on Monday.

The mission of 211 UN officials began operations in November following a human rights accord between the government and left-wing guerrillas in March 1994.

Its mandate is to verify buman rights observance by both sides. But the overwhelming thrust of criticism is directed at the government and the security apparatus.

It comes a few days after the US government suspended a scholarship programme for Guatemalan army officers because of lack of progress in a number of prominent human rights cases.

The report signals alleged involvement of the security forces in running illegal paramilitary gangs, drug-trafficking, and other criminal rackets. It also points to torture by Guatemalan police and the military, and numerous serious violations – including assassinations carried out by members of civil militias controlled by the army.

The report could strengthen the hand of tbe country's left-wing guerrillas, who have argued that the government has been violating last year's human rights accord. The most serious UN criticism levelled at them was their attack on electricity pylons.

Range of new services is set to follow phone frequency auction

George Graham on a far-reaching step in the US wireless revolution

Cordless telephones that can be used anywhere in a home hava become commonplace, and portable cellular telephones are growing fast.

But what if the same handset you use as cordlesa phone inside the house turned automatically into a cellphone-like mobile unit when you stepped outside?

That is the idea behind the US Federal Communications Commission'a anction of licences for personal communications services which closed on Monday after 112 rounds of bidding, with high bids for 99 licences in 51 geographical markets totalling $7.03bn.

The licences provide a frequency 120 megahertz wide in the 2 gigahertz band, a wider spectrum than is usually used for today's wireless services such as pagers. The FCC expects that these broadband frequencies could be used for a whole family of new services, from multi-function mobile phones to portable faxes, and predicts that tha number of wireless telephone users could multiply five times in the next 10 years to 100m.

In the past, the US government gave away slices of the radio spectrum for free.

"We used to give licences out to the peopla with the best lawyers and lobbyists," said Mr Reed Hundt, FCC chairman.

Together with payments from three companies which were awarded licences before the auction in exchange for pioneering some of the technology, the bidding will bring $7.74bn into the US Treasury – on top of $1.26bn it has already raised from auctions of narrow-band frequencies last year. Two licences were sold in 48 areas, but only one each in New York, Washington-Baltimore and Los Angeles-San Diego, where the three pioneer licences were awarded.

Mr Hundt describes the final prices as giving "full and fair value" for the licences, but the total is still short of estimates by industry analysts before the auction opened in December some of which went up to $15bn.

Some of the sting may have been taken out of the bidding by the formation last year of a number of big alliances.

Sprint, the long-distance phone company, teamed up with three companies from the cable television business to form WirelessCo, which turned out to be the auction's largest bidder with licences totalling $2.1bn in 29 markets.

Three of the Baby Bells – the regional telephone companies which sprang out of the court-ordered break-up of the American Telephone and Telegraph monopoly 10 years ago – teamed up with AirTouch, the cellular operations spun off from a fourth Baby Bell, to form PCS Primeco, which wou 11 licences totalling $1.1bn.

The other big bidder was AT&T, which will pay $1.7bn for 21 licences, rounding out its extensive cellular network to create almost complete national coverage.

The biggest broadband bidders

Bidder	Ownership	Total winning bids	Main markets	Average price per person
WirelessCo	Sprint, TCI, Cox, Comcast	$2.11bn.	New York, San Francisco, Miami, Boston	$13.60
AT&T Wireless	AT&T	$1.68bn	Chicago, Washington/Baltimore, Atlanta	$13.30
PCS Primeco	Bell Atlantic, Nynex, US West, AirTouch	$1.11bn	Chicago, Miami, Tampa	$18.36
Pacific Telesis	Pacific Telesis	$696m	Los Angeles, San Francisco	$21.39
GTE Macro	GTE	$396m	Atlanta, Seattle	$20.02

Most categories of player in the rapidly evolving telecommunications market were represented in the auction: long-distance phone companies, local Bells and cable TV operators. But there were some significant absences, notably Time-Warner and MCI.

Some participants feared that Mr Craig McCaw, wbo made a fortune in the cellular business before selling out to AT&T, would keep the bidding fierce. But Mr McCaw dropped out of the bidding last month, and ended up with no licences.

"McCaw was the wild card. He cost us a few hundred million dollars," said one successful bidder who believes that Mr McCaw never intended to win any licences.

Perhaps the biggest surprise in the auction was New York. One licence for the New York area had already been awarded to Omnicast as one of the three pioneers, so competition for the one remaining licence was expected to be brisk.

In the end, New York went to WirelessCo, the Sprint consortium, for $442.7m, the second highest price in the auction but a surprisingly low $16.76 per head of population – "per pop," in the industry's jargon.

That is little more than half the prices of $31.90 and $30.88 per pop paid for the two Chicago licences, and well below the $25.78 per pop paid for the one remaining licence in Los Angeles-San Diego.

Analysts said the Bell companies appeared to be ready to bid higher, in general, than some other groups, perhaps because they start with an advantage on the next stage of actually developing the new telecommunications services – which Mr Hundt estimates will cost $2-$3 for every dollar spent on the licences.

PCS signals do not travel as far as cellular, so companies will have to build more towers to cover their area. Since the Bells already own plenty of land throughout their regions they are not expected to have to buy up sites. The Bells, like AT&T, also have strong brand names that may give them an advantage.

But the glow from what is generally perceived to have been a successful auction will have little time to fade before harsh competitive realities set in. Companies will have to work out how to finance the start-up costs of their new systems, including the licence fees, and how to lure consumers to services for which demand is as yet unproven.

With two cellular licensees already operating in each market and two new PCS licensees starting up, many expect massive overcapacity in the wireless industry.

"The consumer doesn't care about the new-fangled handset or the protocol. He cares about anytime anywhere access," says Mr Steve Schutzman, an analyst with Salomon Brothers. "You think the cellular networks are going to stop dead and wait for PCS to catch up? I think not."

Syria and Israel to resume direct talks

By Julian Ozanne in Jerusalem

Mr Warren Christopher, the US secretary of state, yesterday announced a breakthrough in the faltering Middle East peace process, by securing the agreement of Syria and Israel to resume direct talks in Washington.

After marathon meetings with Syria's President Hafez al-Assad and foreign minister Farouk al-Sbara, Mr Christopher said in Damascus that talks between the Israeli and Syrian ambassadors to the US would resume in the next few days.

However Mr Christopher failed to secure a Syrian agreement to resume talks between the Israeli and Syrian chiefs of Staff. He said Mr Dennis Ross, US special Middle East co-ordinator, would return to the region to try to coax Syria to agreeing to the military talks.

Resumption of direct Israeli-Syrian talks, suspended by Syria last December, comes at e critical time when Israel has warned time is running out for the US and Israeli government, which both face uncertain elections next year, to strike a deal which would be the corner-stone of e comprehensive regional peace agreement and opening up Arab-Israel trade and economic co-operation.

The move will ignite a fierce domestic political conflict between the government and right wing opponents which conld seriously destabilise Israel. Hours before Mr Christopher's announcement, Mr Benyamin Netanyahu, tbe opposition Likud leader, said he would table a motion for a dissolution of parliament and early elections. Jewish settlers on the occupied Golan Heights threatened to unleash a civil disobedience campaign.

Israel sees resumption of the talks on security as the key to a substantive agreement with Syria over an Israeli withdrawal from the occupied Golan Heights in return for full peace with Syria including trade, tourism and embassies. US officials disclosed publicly for the first time that three key security issues are the main obstacles to an agreement - the extent of demilitarised zones on either side of the Syrian-Israeli border, early warning systems and limited deployment zones.

Mr Yitzhak Rabin, Israeli prime minister, has said once the security concerns of both sides have been negotiated the remaining elements in a peace accord would fall into place.

Mr Christopher'e effort to edge forward Israeli-Syrian talks came as Mr John Major, the British prime minister, visited Palestinian-ruled Gaza and backed Palestinian demands for an end to expansion of Jewish settlements and announced increased aid to the embryonic Palestinian administration.

Mr Major, in a clear disagreement with Israel, said the Israeli-Palestinian peace agreement ruled out expansion of Jewish settlement in the Israeli-occupied West Bank. He said the agreement "stipulates that e number of crucial issues, including settlements and the status of Jerusalem, should be reserved for the final status negotiations. Meanwhile, tbe status quo should be respected and nothing sbould be done by either party to seek unilateral advantages." He said it was "most advantageous" that the principle be upbeld.

Mr Major also said he would back Palestinian requests for tbe European Union to lead and co-ordinate the international observation of Palestinian elections due later this year marking the EU's desire to take a more active part in promoting peace. He pledged to give the Palestinians a further £7m of aid, bringing Britain's total aid to £82m over three years to 1997.

White House nips Iran oil trade in the bud

Conoco's plan to develop two offshore fields was a deal too far, writes Scheherazade Daneshkhu

If there is one thing which the governments of Iran and the US have in common, it is mutual dislike. Washington accuses Iran of supporting international terrorism and seeking to acquire nuclear weapons while Tehran regards the US as an imperialist power trying to manipulate the affairs of smaller countries for its own benefit.

Yet the US is Iran's sixth largest supplier of goods and US oil companies lift one quarter of all Iranian crude oil exports for sale to Europe and the Far East.

Trade relations between the two countries were set to go a step further last week when Iran struck a deal with Conoco, the Houston-based oil and gas subsidiary of Du Pont, to develop two offshore Iranian oilfields.

Yesterday, however, the White House stepped in, saying President Bill Clinton would shortly issue an executive order barring US citizens or companies from entering into contracts for the financing, supervision or management of oil development projects in Iran.

The US, which broke off diplomatic relations with Iran in 1980, prohibits the import of Iranian-origin goods and the export of advanced technology or arms. The Conoco agreement, whicb was signed between Iran and a non-US subsidiary of the oil company, was legal, but US officials described it as "unhelpful" and running counter to the thrust of Washington's foreign policy.

The US government bas also made clear its opposition to Iranian equity participation in a consortium led by Amoco of the US and British Petroleum to develop three giant oil fields in Azerbaijan.

> 'US firms insist on cash payments so you could almost say all the countries rescheduling Iranian debt are financing US trade with Iran'

Mr Clinton'e Democratic administration bas taken a more hard-line attitude towards Iran than the previous Republican government. Its strategy is to put pressure on Iran to abandon policies which are against US interests or are unacceptable to it.

Washington has five main areas of concern: it alleges that Iran supports international terrorism; is intent on acquiring weapons of mass destruction, including nuclear weapons; is opposed to the Arab-Israeli peace process; is engaged in efforts to destabilise its regional neigbbours; and abuses human rights.

Unlike the Republicans, which sought to play Iran and Iraq against one another, the Clinton administration has followed a policy of "dual containment". This does not mean the two countries are treated in the same way, but that both are regarded as enemies wbose influence should be contained.

Nevertheless, while policymakers are united in their opposition to dealings with President Saddam Hussein's Iraq, opinion is more divided over the best way to "contain" Iran.

This difference of opinion is greater between the US and some of its Group of Seven leading industrial allies, principally Germany and Japan which are Iran'e main trading partners.

Attempts to isolate Iran politically and economically have been made easier by its slide into international debt three years ago which have obliged it to reduce its international trade by cutting imports.

Washington has tried to convince Iran's trading partners to withhold credits and money for development and not to reschedule debts on favourable terms.

However, last month, Hermes, Germany'e state credit insurance company reopened limited credit for exports to Iran of DM50m (£21.7m) for sbort-term credit and DM100m for medium and long-term credits and has rescheduled DM4bn of Iranian debt. Japan's Ministry of International Trade and Industry re-established limited cover last year and Switzerland's credit guarantee agency, ERG, also resumed cover earlier this year.

Germany argues that Iran's geographical location and its religious and cultural influence over other countries in the region make it difficult to ignore. "You cannot force a large country to do what you want it to do by isolating it," said one official.

D'Amato: introduced bill

Japan is to decide this week whether to provide Iran with long-suspended loans to help Tehran build its largest hydro-electric power plant. Suspension of the aid would amount to an embarrassing defeat of the Japanese foreign policy principle that questionable regimes should be engaged rather than isolated.

Approval is bound to impair relations with the US, its most important ally. Early this month, Mr Winston Lord, assistant secretary of state in charge of east Asia policy, said in Tokyo that the US had "quite specific ways to demonstrate" that the Iranian government had helped international terrorism. A Japanese foreign ministry official, however, said, after meeting Mr Lord, that tbe US had shown Japan "only some of the evidence, whicb is circumstantial".

Some of Iran's trade partners believe the US is in no position to preach. "American firms insist on cash payments so you could almost say that all the countries which are rescbeduling Iranian debt are financing US trade with Iran," said one. Others maintain that US trade with Iran is mucb higher than the $210m of exports for the first nine months of last year cited by the US Commerce Department.

However, American officials say a trade figure of $1bn sometimes quoted is bugely exaggerated, even if it includes re-exports tbrough third countries.

Iran, which treads a delicate political path at home by condemning Washington on tbe one hand and signing deals with US companies on the other, needs investment and technology for its oil industry. Washington has so far pulled back from halting extraction of Iranian oil. This is what is proposed under e bill brought forward by Mr Alfonse D'Amato, chairman of the Senate banking committee, to be debated today, which would prohibit US oil companies from lifting Iranian oil.

The Clinton administration may be tempted to reconcile its increasingly divergent political strategy with its trade position by imposing comprehensive trade sanctions against Iran. But if it does so, it will have taken the most extreme political course open to it, and one which will signal a fundamental shift in policy.

INTERNATIONAL NEWS DIGEST

Kuwaiti budget curbs mooted

Kuwaitis were told yesterday that welfare benefits should be curbed and utility fees raised to cut a big budget deficit resulting from low oil prices. The statement by Nasser Abdulla al-Rodhan, finance minister, in a parliamentary debate on state benefits brought protests from members of the opposition-dominated assembly, defenders of the Gulf oil state's generous welfare. Some deputies said most Kuwaitis were not rich and could not afford to pay increased public utility charges. Mr Rodhan said be wanted to impose fees for state services to try to curb a deficit equivalent to almost a quarter of gross domestic product, to rationalise the use of public utilities and to develop non-oil revenues. Mr Rodhan said the government annually spends KD200m (£427m) on subsidising electricity, KD64m on subsidising water and KD276m on free medical services. These amount to almost 40 per cent of the KD1.5bn dinar budget deficit projected for the 1994/95 fiscal year ending on June 30. *Reuter, Kuwait*

Saudi recycling plant to open

A Saudi-German project to recycle batteries and other lead scrap into usable alloyed ingots is due to start commercial output at the end of next month a company official said yesterday. Mr Anas Hafiz of the National Lead Smelting Company said the SR120m (£20.25m) plant in Saudi Arabia'e capital Riyadh would have a capacity to recycle 30,000 tonnes of scrap a year to produce 18,000 tonnes of lead. The Saudi company, Dallah al-Baraka, holds 21 per cent of the project; Germany's Metallgesellschaft 18 per cent; the Saudi-based National Industrialisation Company 57 per cent; and private investors the remaining 4 per cent. *Reuter, Dubai*

Nigeria foreign exchange ban

The Central Bank of Nigeria has barred five banks as foreign exchange dealers for failing to support in naira their customers' applications for a total of $4.7m but bas offered the dollars via other approved banks. The five banks had a shortfall of N738m (£6.57m) in their accounts with the central bank. The central bank has been late in disbursing the foreign exchange but says that it began to credit the banks' accounts on Monday. The decision a fortnight ago by the bank to double its first foreign exchange sale of the year to $405m (£256.32m) to meet in full demand from the private sector caught some banks and their customers, mainly manufacturers, by surprise. In previous years, demand has been inflated by an unrealistic official exchange rate of N22/$1 and the bank has allocated it pro rata, but so far this year the central bank has offered dollars at the market rate of N82. *Paul Adams, Lagos*

Kenya closes Meridien bank

The Central Bank of Kenya shut down the country's branch of the pan-African banking group Meridien BIAO yesterday, citing large foreign exchange exposure positions, Mr Micah Cheserem, central bank governor, said in a statement that he had appointed a manager to administer the Nairobi branch of the bank and no deposits or withdrawals would be allowed until further notice. No immediate comment was available from Meridien managers. Meridien is a Zambian-based group. The closure of the Kenyan branch comes three weeks after the Zambian government rescued the Meridien BIAO Zambia branch with a K4.9bn (£3.89m) cash injection to boost liquidity. In documents obtained by Reuters, the Zambian central bank last month had described Meridien's position as "insolvent". They said the central bank had recommended a closure of the bank last month. *Reuter, Nairobi*

NEWS: WORLD TRADE

Disillusion at Japan's draft deregulation

By William Dawkins in Tokyo

Japan's leading trade partners yesterday voiced disappointment at the draft of a plan to trim official regulations protecting swathes of the economy from imports.

Diplomats said they saw little progress in a government draft of more than 1,000 proposals for inclusion in a five-year deregulation programme to be launched at the end of this month.

The interim plan appears to do little to address the concerns of foreign exporters and investors, according to the US embassy in Tokyo. "There is no foot dragging but there is little evidence of a great leap forward," said a diplomat at a European embassy.

This initial disillusion bodes ill for Japan's foreign trade relations as, with only two weeks to the launch, the final plan is unlikely to be very different from the draft. Both the US and the European Union are focusing hard on deregulation in their trade diplomacy with Japan.

Timid deregulation could also strengthen the yen, the rise of which is the main threat to Japan's weak economic recovery. Imports have risen over the past three years, but any barrier to their continued expansion could delay a decline in the trade surplus which started late last year.

Many measures outlined in the plan have been enacted or already earmarked for deregulation, said diplomats. It includes the cautious opening of the pension fund industry to foreign fund managers agreed at the US-Japan summit in January.

The five-year plan was proposed by the government of Mr Tomiichi Murayama soon after it took office last June. Since then ministries have been preparing their ideas.

Both government and opposition accept deregulation is vital to generate extra growth from Japan's maturing economy, to help business in its urgent need to cut costs, and to cut high consumer prices.

Source: Jardine Fleming

Yet some government ministries have shown bureaucratic reluctance to roll back state intervention in the economy. Others are sensitive to influential interest groups such as farmers and small retailers, still hungry for protection.

The draft plan marks some progress. It gives reasoned arguments for deregulation ideas it proposes to postpone, such as ending farm import controls. Previously, such ideas were simply set aside for study. This at least gives foreign governments concrete grounds for negotiation, said a diplomat.

The report also proposes, for the first time, a regular review of deregulation progress, greeted as a sign that economic liberalisation is here to stay, even if the pace will be slow.

● Japan's merchandise trade surplus in February rose 5.3 per cent from the same month a yaar ago to $11.46bn (£7.25bn), according to a finance ministry preliminary report, adds Michiyo Nakamoto. The increase compares with a 54 per cent year-on-year drop in January. Exports showed a gain of 20 per cent while imports were up 28 per cent. The trade surplus with the US rose for the fourth straight month to $4.89bn, up 13 per cent from a year earlier.

WORLD TRADE NEWS DIGEST

Taiwan sets target date to join WTO

Taiwan aims to conclude talks on its bid to join the World Trade Organisation by mid-year but is continuing to resist pressure for further concessions in financial services.

Differing views over the handling of car imports were another stumbling block to concluding bilateral trade negotiations, Mr Sheu Ke-sheng, vice minister of economic affairs, said yesterday.

He said the government would seek to push relevant legislation through parliament by the end of June. "As the thirteenth biggest trading nation in the world we believe our membership in the WTO will greatly contribute to the multilateral trading system," Mr Sheu said.

US backing for China's entry into the international trade body, secured in accords reached last weekand, paves the way for Taiwan's entry. It is understood that Taiwan, which Beijing regards as a rebel province, will not be permitted to join before China.
Laura Tyson, Taipei

■ Dyno, the Norwegian chemicals and explosives group, has announced plans to build a combined formalin and resins plant in Nelson, New Zealand.

■ Saudi Arabia will award a $1bn contract to build a power plant this year, according to Mr Abdul-Aziz al-Zamil, industry and electricity minister.

■ Canadian Marconi, a leading north American electronics group controlled by GEC of Britain, will supply 29 Satcom antennae to Swissair for its Airbus fleet.

■ Swedish car safety manufacturer Autoliv has launched a third joint venture operation in China, in Nanjing province, to make seat belts.

Ramos goes fishing for Europe's money


Ramos in London yesterday: mission to reawaken the interest of European investors *Ashley Ashwood*

By Krishna Guha, Richard Lambert and Quentin Peel

President Fidel Ramos of the Philippines yesterday spelt out a strategy of liberalising trade and foreign investment, in a bid to attract European investors to his country.

The investment drive was accompanied by signing ceremonies in London for major contracts to provide gas and coal-fired power plants for the country's rapidly expanding energy sector.

"We see ourselves as a gateway for European countries like Britain and Spain towards Asia," Mr Ramos said.

Speaking at the end of a European tour which also included the Netherlands, Turkey and Denmark, President Ramos said he hoped to see "a reawakening in this part of Europe."

A list of 2,000 items which foreign investors were not allowed to produce in the Philippinas, as wall as banned activitias, has now been reduced to around 200, according to Mr Roberto de Ocampo, the secretary of finance. They include banking, infrastructure, retailing and agriculture.

At the same time, the country is seeking investment from its partners in the Association of South-East Asian Nations, in a bid to catch up with the more advanced "tigers" of the Asian economy.

"Asean is now moving faster than other regional groupings into freer world trade," President Ramos said. "Wa have to keep in step with our neighbours in the very highly competitive and highly charged world of the 21st century. This means investing even more in our people than in infrastructure."

His government prides itself on a record of accelerating economic growth, and in a democratic system committed to observance of human rights. Top priority for the president is enhancing national stability and social cohesion, and the second priority is economic recovery and promoting sustainable development.

As far as the creaking infrastucture of the archipelago is concerned, he claims that the power crisis of recent years has been resolved and today's investment is intended to develop energy to cope with the growth of the 21st century. Mr De Ocampo said the development of an integrated gas market was central to government energy plans. He said: "This is probably the largest power programme in a long time. It brings together our natural gas reserves, needs for energy and the expertise of First Philippine Gas Power."

First Philippine Gas Power, a subsidiary of the joint venture between British Gas and Philippine investment company First Philippine Holdings, signed a power purchase agreement for a 400MW power plant at Batangas, a crucial step in its $1bn-$1.5bn project to develop downstream distribution and transmission markets for the Philippines' newly explored natural gas reserves.

GEC Alsthom, the Anglo-French engineering company, in partnership with Hopewell subsidiary CEPA Slipform of Hong Kong, won a $1.1bn contract to build a 1320MW coal-fired power station at Sual in the province of Pangasinan, to be completed by 1998.

First Philippine Gas Power's agreement with the Manila Electric company is for a combined-cycla gas power plant to supply the region including the Philippine capital. The power plant, expected to be completed in 1998, will initially use fuel oil but is designed to use natural gas from the Malampaya offshore field, operated jointly by Anglo-Dutch oil group, Shell, and Occidental of the US. Gas from this field is due to come on stream in 2001-2002.

Mr Philip Rogerson, executive director of British Gas, said: "We see this contract as a first significant step."

Subic Bay takes aim at Japanese investors

By Edward Luce in Manila

The former US naval base at Subic Bay in the Philippines has been stepping up its drive to attract foreign investors.

Conscious of the key role played by Japanese investment in boosting the neighbouring economies of Thailand and Malaysia, the Subic authorities bave sustained a high-profile campaign to persuade Japanese multinationals to locate shopfloor operations in Subic Bay.

"We should make sure the Philippines is stable, secure and consistent with its policies," said Mr Richard Gordon, cbairman of the Subic Bay Metropolitan Authority, who is accompanying President Fidel Ramos on an "economic diplomacy" tour of Europe.

Mr Gordon will hold talks with Lord Sterling, chairman of P&O, the UK ports and shipping company, to discuss the company's bid to redevelop some of the $8bn of port and urban facilities left by the Americans in 1992.

P&O is monitoring the decision by Federal Express, the American parcel delivery service, to move its Asian hub from Anchorage in Alaska to Subic Bay, 65km north of Manila. Three Federal Express MD-11 aircraft and three Airbus 310s will begin intensive regional nightflights from the freeport's modernised runway ou 1 May.

Since the US navy was ejected from Subic Bay by the Philippine Senate two years ago, 113 foreign companies have moved their operations to the duty free zone and pledged investments of $750m. The port's infrastructure and easy access to the Asian region have been cited as deciding factors.

Backed by the Taiwan government and the Subic Bay Metropolitan Authority, 45 Taiwanese companies last year announced they would invest $423.7m to develop a 300-hectare industrial park in the centre of the zone.

Reebok Taiwan, the sports shoe manufacturer, Enron, the US energy conglomerate, Thomson audio, a subsidiary of the French audio and communications group, and GKN, the British engineering group, have set up facilities employing 13,000 workers out of the original 40,000 who had depended on the presence of the US Navy.

Cathay Pacific, the Hong Kong airline, and Makung Airlines, a Taiwanese carrier, are reportedly ready to launch commercial passenger services later this year after the 2.7km runway has been upgraded – it is due to be ready for international passenger and cargo aircraft by April 30.

A Malaysian Hotel and Casino group, Metroplex Berhat, announced last week it would build a 450-room hotel and a new convention centre in time for the arrival of the regional heads of state for the Asia Pacific Economic Co-operation forumnext year.

"Our aim is to become the main regional competitor of Singapore and Hong Kong," Mr Gordon said. Mr Michael Le Queux, the British owner of Cambrium international, producer of customised boxes and precision-engineered wooden items, recently relocated from Hong Kong to Subic.

He said the company's decision was influenced by the lower minimum wage in Subic at 120 pesos per day ($4). "Subic has all the facilities which Hong Kong possesses: rapid delivery services, container space, modern telecommunications and access to the region," he said. "Subic's real advantage is its workforce which is skilled, English-speaking and cheap."

Critics, bowever, bave attacked the bigh-profile Mr Gordon – who is being touted as a possible presidential candidate at the next election. Some analysts and economists say the chairman has overplayed Subic's potential and exaggerated the freeport's capacity to compete with regional container and communications giants.

Manufacturers urged to follow same equipment protection measures used for cars and phones

Police to crack down on computer thieves

By Paul Taylor

Police are to crack down on on computer thieves who are wreaking havoc in London's business community, Sir Paul Condon, commissioner of the Metropolitan Police, said yesterday. He urged manufacturers nf hardware to do more to deter thieves.

"I would like to see manufacturers of computer equipment looking at ways of reducing the worth of stolen equipment in the same way that makers of, for example, mobile phones and cars have taken action," he said. "If stolen equipment cannot be used by anyone except the owner, then it is not worth stealing."

Thefts of computers are growing fast witb many thieves stealing machines to order – often for export. Sometimes the thieves, who appear to target especially equipment made by Apple Computer, return a few weeks after their first raid to steal replacement machines. Apple Computer said yesterday that computer theft was "an industry-wide problem" which affected all well-known brands. The company said that it would not comment on specific cases.

Elsewhere a group of thieves posed as removal men when they turned up at a company's research department in south-east England. They departed witb 50 machines. In other cases, including one involving 40 computer workstations at a university site, valuable components have been stolen from machines, rendering them useless.

Some PC manufacturers including IBM, which has worked with the police on a number of computer theft awareness campaigns in recent years, already build-in features to their machines designed to deter thieves. IBM keeps details of the serial numbers of all the main components in its PCs which are sold through dealers and urges its customers to "tag" PCs using large plastic plates inscribed with a company names which can be removed only hy breaking the computer casing.

The Manchester-based National Computing Centre said the number of reported computer thefts douhled between 1992 and 1994. Conservative estimates put the value of "smasb and bash" compnter theft – involving hreak-ins – at about £175m ($287m) a year. In addition to this, equipment worth about £200m is pilfered.

Some insurance companies now refuse to insure computer equipment and in some cases, the centre says, companies are not disclosing computer theft because of concern about the impact on their insurance premiums.

The Association of Britisb Insurers itself recently set up a computer security working group to quantify computer theft and work out an industry strategy.

Meanwhile Sir Paul also announced that Mr David Veness, Assistant Commissioner Operations, will chair a top-level meeting of police, security beads of multinational companies and the National Criminal Intelligence Service later this month when a strategy for dealing with computer crime will be discussed.

Rules 'stifling competition' in telecoms sector

By Alan Cane

The cost of long-distance telephone calls in Britain is declining sharply but competition in telecommunications is being stifled by regulations, an international survey of call costs claims.

The survey, carried out annually by US-owned consultancy National Utility Services, compares telecommunications prices in 10 countries across the world. NUS advises large companies on cost control strategies.

It says that the regulatory regime in the UK supervised by Oftel, the telecoms watchdog, is more beneficial to Britisb Telecommunications, the UK's largest telecoms operator than to its smaller rivals. BT, formerly the monopoly operator, still controls almost 90 per cent of the market more than a decade after liberalisation.

Mr Andrew Johns, NUS director, said: "We are greatly concerned that this position will not change unless somebody is prepared to force the issue."

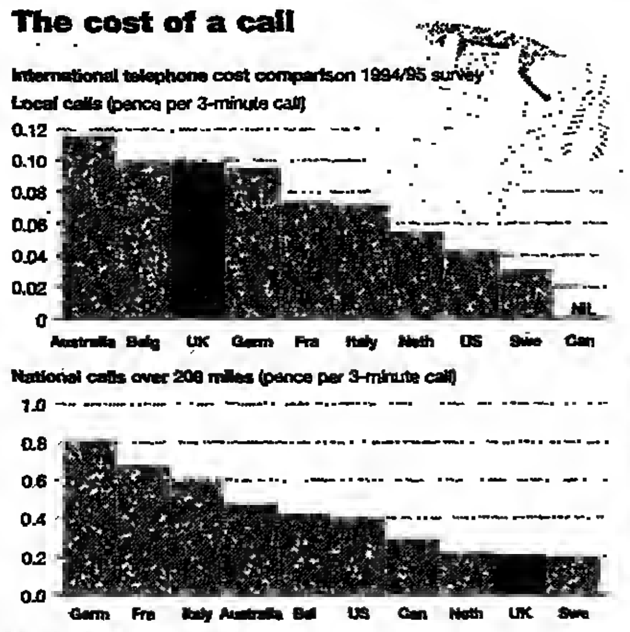
A key concern is the price cap enforced hy Oftel which prevents BT from raising its prices on average hy more than the retail price index minus 7¼ per cent. NUS says: "The price restrictions imposed on BT by the regulator are, in fact, having a negative impact on rivals such as Mercury who have been forced to follow suit and apply price reductions in order to remain competitive and guard their market share."

"Unlike BT, wblch has greater financial muscle to witbstand shaved margins, BT's competitors are unable to sustain the reduction in revenues as their margins are eroded".

Mercury last year was forced to cut staff numbers and abandon services including public paypbones as margins tightened.

The NUS analysis shows that in the short term UK international call prices are on a long downward curve; they fell 20 per cent between 1994 and 1995. The cost of national (trunk) long-distance calls decreased by 12 per cent this year. In areas where BT has little effective competition - local calls, for example, - tbere was no movement in price. The survey shows UK third behind Australia and Belgium in the list of most expensive local call tariffs. Exchange line rentals rose by an average 2.4 per cent. The survey also confirms Germany as the most expensive country for both national and international calls at £2.44 for a three minute international call compared with 88p in the UK. Local call prices have remained stable throughout Europe, bot national and international call charges have tumbled in most countries as supplies prepare to ward off competition.

The cost of a call



Source: National Utility Services

Exchange says data on Leeson was inadequate

By William Lewis in Singapore and Nicholas Denton in London

THE BARINGS COLLAPSE

Simex, the Singapore futures exchange, yesterday criticised executives of Barings in the UK and Singapore for failing to give it details of two UK court judgments against Mr Nick Leeson, whose trading activities are alleged to have forced Barings into administration.

Simex, which was responsible for regulating the Singapore-based futures unit managed hy Mr Leeson, said it should also have been told that Mr Leeson's application to the Securities and Futures Authority (SFA) in 1992 for a City of London trading licence had been withdrawn after his failure to disclose the judgments.

Simex said the judgments, involving non-payment of private debts – and Mr Leeson's rejection by the SFA – "would have been material in Simex's assessment of Nick Leeson's application to be an Associated Person of Baring Futures (Singapore)".

Simex said there were two county court judgments, totalling £3,000, outstanding against Mr Leeson in 1992. In that year Mr Leeson was transferred by Barings to Singapore after his failure to be granted a licence by the SFA. The UK regulator's refusal came as a result of Mr Leeson's failure to disclose the judgments against him. The SFA then informed Barings of the reason his application bad been refused.

Simex is likely to ask Barings managers based in Singapore to explain their involvement, if any, in Mr Leeson's application to trade at Simex. With the Monetary Aothority of Singapore, Simex has the power to ban individuals from working in the Singapore financial services industry.

A government official said yesterday that: "The future in Singapore of certain Barings executives looks dim."

● Investigators in Singapore probing the causes of Barings' collapse are examining the existence and use of several "error" accounts by traders at Baring Futures (Singapore).

Details of Error Account No 88888, through which Mr Nick Leeson, former general manager of BFS, allegedly ran up losses of £384m hy February 24, have already emerged. The discovery by Barings directors of these apparently hidden losses led to Barings being placed into administration days later.

Now accountants at Price Waterhouse, who have been appointed by the Singapore government to investigate Barings' collapse, are compiling details on another hidden trading book, Error Account No 92000. This account is thought to have been used by BFS traders, including Mr Leeson, for trades on the Osaka Securities Exchange.

Baring Asset Management said yesterday that since the collapse of Barings, its parent company, it had lost nearly 2 per cent of its assets under management because of client withdrawals. With ronghly £28hn under management, the outflow amounts to roughly £500m ($820m).

BAM said that, given the circumstances, "we are pleased that clients have been as loyal as they have." It declined to give details of the type of client it had lost.

CORRECTION

John Bolsover

The FT yesterday named Mr John Bolsover, chief executive of Baring Asset Management, as one of the former Barings directors affected by a temporary ban imposed by the Securities and Futures Authority. In fact, Mr Bolsover continues to hold the position of chief executive of Baring Asset Management with the full support of Imro, its regulator.

Adams hopes US office will move party into political mainstream

Irish premier to soften his message

By Jurek Martin in Washington

Mr John Bruton, prime minister of the Irisb Republic, is to depart from tradition in his St Patrick's Day message to be delivered in the US on Friday.

He told US reporters in Dublin that, rather than call for "one united Ireland," be would advance the concept that "within one territory you can have two nationalities of equal legitimacy, living and sharing the same space and the same streets" regardless of which state they formally belong to.

Unimpressed by this was Mr Gerry Adams, leader of Sinn Féin, who was visiting Washington yesterday. "There are presently two states, but the desire of the vast majority is for one," Mr Adams said flatly.

Mr Adams came to the nation's capital to open a "diplomatic mission" and talk the language of peace, but be had concluded the Britisb government was still consumed by "the psychology of war."

"If I read John Major correctly," the leader of the IRA's political wing said of the British prime minister, "we appear to agree on demilitarisation – including the decommissioning of all arms." Therefore, be went on, "it puzzles me that John Major is now making decommissloning an obstacle to talks." Instead, Mr Major needed to "talk peace – be talks a lot about Sinn Féin so why can't be talk to Sinn Féin?"

Even the British announcement yesterday that it was withdrawing troops from Ulster was half-dismissed as a "welcome but belated response" to the six-month-old IRA ceasefire. It still left "30,000 minus 400" British soldiers behind.

Mr Adams went on to open the new offices of the Friends of Sinn Féin, which he freely described as a diplomatic mission soon to be supplemented by one in Brussels, that would seek to engage the full spectrum of American political and public opinion. Asked how it could be considered a diplomatic mission in the full sense, be replied "well, we're not the government – yet."

Yesterday afternoon Mr Adams went to the White House to meet Mr Anthony Lake, President Bill Clinton's national security adviser. Mr Adams stoked the fires of the current war of words between London and Washington by saying that Mr Clinton was tn be "commended for giving us equality of treatment".

He will return to New York for a fundraiser today (300 to 400 peopla at $200 a bead) before coming back to the capital for tomorrow's congressional lunch, hosted by Mr Newt Gingrich, the Speaker, and Friday's St Patrick's Day White House reception (to which the British ambassador bere has not been invited.)

The lawyer responsible for setting up the Friends of Sinn Féin office bere confirmed that it had not been possible to reach an agreement with Price Waterhouse to audit the fundraising books. But be said another firm would be found.

PM finds an ally in a sea of military hardware

Robert Peston accompanies prime minister Major and a team of leading business executives to Gaza

The three soldiers in camouflage gear, standing on the back of a Jeep and each toting an AK 47, beamed when asked what they thought about Mr John Major's visit to Gaza: "It is good, it is good", they chimed, though refrained from firing the traditional volley of shots in the air.

Together with about 300 heavily armed police, soldiers and Fatah Hawks – PLO chairman Yassir Arafat's Praetorian Guard – they were gathered in intimidating groups outside the Palestine Hotel on the Gaza coast.

A pair of Israeli F14 fighter aircraft buzzed back and forth, maintaining a hawklike watch on proceedings. A handful of Mr Major's personal bodyguards loitered, conspicuous in their dark suits while everyone else was in uniform.

The botel itself, with its 1950s box-like design and fading whitewashed walls, would not have looked out of place in a shabby English resort. However, no British seaside hotel has ever been witness to so much military hardware.

It was a historic meeting. Mr Major is the first leader of a big western nation to visit the embryo Palestine state – based on the regions of Gaza and Jericho – since it was granted partial autonomy from Israel as part of the Middle East peace process a year ago.

At a lunchtime press conference, Mr Arafat was asked wbether he supported Mr Major's demand that the Irish Republlcan Army should decommission their weapons. Mr Arafat said: "I am encouraging all the parties everywhere, not only here, not only in Ireland, but everywbere, to firm up the peace process."

The prime minister looked relaxed by the side of Mr Arafat. At one of the day's many pbotoopportunities, he said in a private aside to the former guerrilla leader: "What we should do is charge $100 admission to the media. You could do great things with that."

Mr Major was in Gaza at the head of what be described as "the strongest team of British husinessmen ever to leave Britain's shores". They include Sir Richard Greenhury, the chairman of Marks & Spencer, Mr Richard Glordano, chairman of British Gas, and Sir Martin Jacomh, soon to take over as chairman of Prudential Corporation.

Mr Major said tbey were here to "encourage new partnerships between British and Palestinian firms". The scale of the challenge is enormous, however. Establishing a stable government and thriving economy in the region is "like building a ship in the middle of the ocean in the middle of a storm", said Mr Odin Knudsen, the World Bank's representative in Gaza.

Former socialist Mr Arafat yesterday reiterated his commitment to private-sector ownership. When pressed on his views by Mr Howard Davies, head of the Confederation of British Industry, he said he wanted "free and private business at all levels by all means".

But he was far more passionate about the need to restore Gaza's infrastructure, whicb he said had been "destroyed", by 27 years of Israeli occupation. The sewage system has crumbled and roads have fallen into disrepair. A shortage of schools means that they operate three shifts a day and there are only 0.4 bospital beds for every thousand people. Mr Major announced some aid in these areas.

But on a day when an innocent Palestine boy was accidentally shot dead in a refugee camp he was due to visit, he is also keen for them to put down their guns.

UK NEWS DIGEST

Minister warns of EU threat to steelmakers

Efficient UK steelmakers could be harmed in the next recession because of the collapse of a restructuring plan aimed at cutting inefficient excess capacity in the European Union, Mr Tim Eggar, industry and energy minister, warned. Failure to cut overcapacity "can only mean that the problem will resurface, unalleviated, with the next downturn in demand, to the detriment of efficient UK producers," he said in reply to a report on steel by a House of Commons committee.

His remarks echo comments last week by Mr Karel Van Miert, European competition commissioner, who said the partial failure of the European Commission's efforts to restructure the industry meant that an opportunity had been missed to find a long-term solution to overcapacity.

The commission had demanded a minimum 19m tonnes of capacity cuts from steelmakers, hut they offared only 16m. Mr Eggar said the committee of MPs had correctly identified the continuation of state aids to some European producers as the main problem facing the UK industry. He added that subsidies may endanger attempts to establish "fair and open" markets in steel.

Andrew Baxter, Industrial Staff

Mercedes bus venture starts

A David and Goliath partnership between Optare, a bus manufacturer based in northern England and Mercedes-Benz has produced a range of large city buses. Under an agreement made less than a year ago Optare has designed and started manufacturing buses to carry 75 passengers on chassis supplied by Mercedes-Benz, which is the world's biggest commercial vehicle maker.

Optare was bought from receivers by its managers and employees in 1993. Mercedes decided to enter the venture with Optare after a long period seeking to exploit the UK large bus market with relatively limited success. Mr Russell Richardson, Optare managing director, said the new Prisma bus would belp Optare – where turnover rose hy 34 per cent last year to £30m – achieve a further increase to £35m ($57.4m) in the current year. Production of huses of all types has risen from 300 in 1993 to nearly 500 last year, including kits for export.

John Griffiths

Drug tests urged at Lloyd's

Random alcobol and drug tests should be introduced at the Lloyd's of London insurance market to help boost confidence in the professionalism of underwriters and brokers, says an article in the newsletter of the Association of Lloyd's Members. "The era of tha 'liqnid lunch' at Lloyd's has passed, but Names and investors require confirmation," says the report. The association represents about 8,000 active and inactive Names, individuals wbose assets have traditionally supported the insurance market. *Ralph Atkins, Insurance Correspondent*

Channel rail bids arrive

The four consortia competing to build the high-speed Channel tunnel rail link from London to the coast yesterday delivered their hids in "several hundred" large boxes to the London offices of Union Railways, designer of the route. London & Continental Railways, involving Mr Richard Branson's Virgin Group and National Express, the UK bus company, had earlier revealed plans to bid for rail franchises to capture a stream of travellers arriving at the rail link's London terminus.

The four groups were required to make at least seven separate bids to take account of different combinations of intermediate stations on the route and varying levels of services.

Eurorail, which incindes construction groups BICC and Trafalgar House, has signed up Lord Parkinson, formerly a cabinet minister in the Thatcher government, to chair its bid team while Green Arrow, comprising Hochtief, Costain and Siemens, has Lord Kingsdown, former governor of the Bank of England, as its head. Union Link, led by AEG, Philipp Holzmann and Mowlem, said a fast link on to Heathrow airport on the far side of London would be possible.

Charles Batchelor, Transport Correspondent

Offshore exploration boost

Oil companies have nominated big new areas for UK offshore exploration, extending from the north and west of Scotland to the south west approaches. The Department of Trade and Industry said nominations for the 17th offshore licensing round were the highest for a recent round. It showed that companies were keen to explore frontier areas where there had been little oil and gas activity.

Under UK licensing procedures companies nominate areas they would like to explore and the government decides which to offer for auction. Mr Richard Page, the junior energy minister, said: "After 30 years of exploration, new ideas are still coming forward. This is a very good indicator for the future of the UK's oil and gas reserves."

David Lascelles, Resources Editor

Soccer stars arrested: Five people including Premier League soccer stars Bruce Grobbelaar, Hans Segers and John Fashanu, were arrested by police investigating allegations that games have been fixed for cash. The fourth person held was Malaysian businessman Heng Suan Lim, who lives in London. Grobbelaar, a citizen of Zimbabwe, was accused last year by a former husiness partner who claimed that Far East syndicates bet on the results of English matches.

Blocks of history: Office blocks and railway stations are among post-1950 buildings proposed for official classification as having historic value. They include New Zealand House in London and Centre Point, the headquarters of the Confederation of British Industry. Mr Stephen Dorrell, heritage secretary, said many of the proposals might be controversial and could be blocked if there was great public opposition to them.

Firebug milkman jailed: A milk delivery man was jailed for three years yesterday for starting fires in and near the bomes of customers who did not pay their bills. A court heard that he and a young assistant twice put fireworks through the letterbox of a householder who owed him £30 ($49).

BUSINESS AND THE ENVIRONMENT

The impact of Europe's vehicle population is slowly being reduced, finds **Haig Simonian**

Drive for the clean, lean car

Mobility for a true green stops at the bicycle. Some might stretch to a Citroen 2CV or, at a pinch, a second-hand Renault 4. But for the politically correct environmentalist, the internal combustion engine symbolises a deep dilemma between practicality and pollution.

The motor vehicle embodies many evils. Cars are noisy, smelly and polluting. Roads disfigure the countryside and spoil cities. A compact vehicle might be acceptable; a limousine smacks of greed and unsustainability.

Such fastidiousness has its justifications. The carbon monoxide and carbon dioxide from exhausts cause global warming. Nitrogen oxides, another by-product, are also major pollutants. Even economical diesels are out of favour after some research has suggested that barely detectable emissions of particulates may cause cancer.

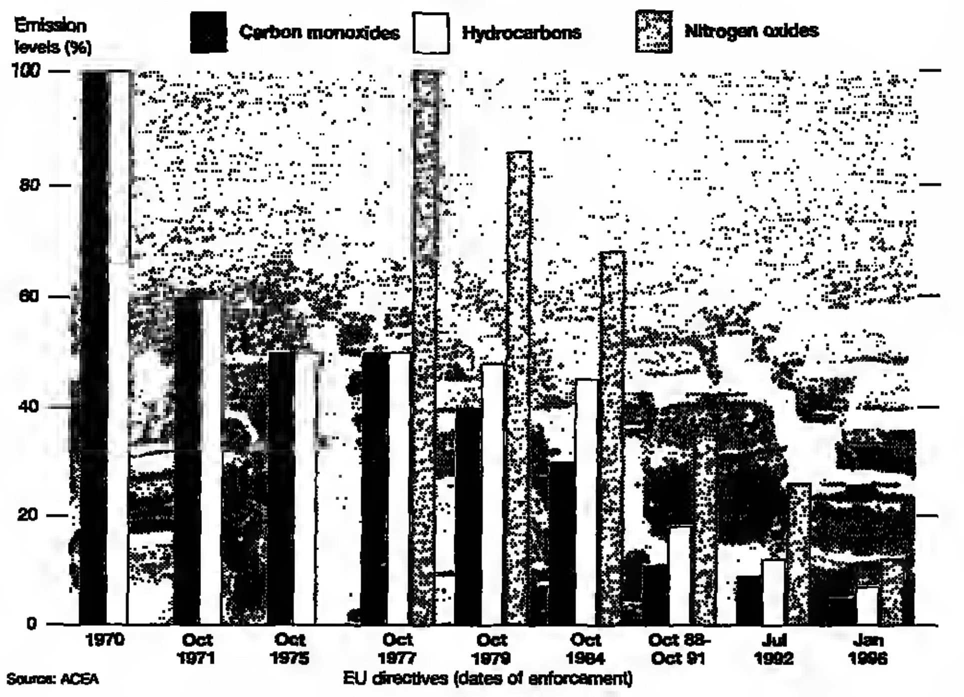
Motor vehicles also consume irreplaceable natural energy resources. And motor manufacturing ranks with oil refining and chemicals when it comes to environmentally questionable production processes.

Rising world affluence and vehicle ownership paint a worrying picture for the future. There are more than 450m motor cars on the roads today. Add to that about 100m commercial vehicles and at least as many motor-powered two-and-three wheelers, and the total is not far short of 700m.

The Organisation for Economic Co-operation and Development says 75 per cent of vehicles are owned by just 15 per cent of the world's population. What will happen when the developing world catches up with the industrialised countries hardly bears thinking about for most greens.

"Vehicle ownership in China has grown by an average 15 per cent a year over the past decade," says Michael Walsh, an independent consultant. "If ownership levels one day match those of Germany, the world's vehicle population would double."

Emission levels from new passenger cars in Europe



Source: ACEA

Rising affluence spells higher congestion and pollution, in spite of the headway made in reducing emissions through better fuel consumption, lead-free petrol and catalytic converters. Technological progress in European motor manufacturing has been counteracted by spiralling vehicle numbers and longer average journeys, leaving pollution levels virtually unchanged. "Last summer's problems with air quality in Europe was a warning," claims Walsh.

The impasse comes in spite of the fact that emission and fuel consumption standards are being constantly updated. "It is almost 25 years since the European Commission's first directive on environmental emissions," notes Jean-Pierre Reynier, secretary general of the European Automobile Manufacturers Association.

Speaking at a conference last week arranged by Knibb, Gormezano & Partners, an environmental consultancy, he argued that legislation had already revolutionised the motor industry. "A new car today emits 93 per cent less CO_2 and 85 per cent less hydrocarbons plus NOx than an equivalent vehicle in 1970."

The regulatory noose is being tightened further. California is pushing the frontiers of technology with its Zero Emission Vehicle legislation.

Europe is belatedly closing the regulatory gap, according to Reynier. But how can the European motor industry, bedevilled by high production costs and rising East Asian imports, edapt to yet another challenge?

Ulrich Seiffert, the board member responsible for research and development at Volkswagen, is mindful of the difficulties. But as one of the engineers at the forefront of research into vehicles and the environment, he is down, but not out.

Speaking at a conference organised by The Economist to coincide with last week's Geneva motor show, Seiffert identified the fields in which the environmental impact of motor vehicles was being reduced.

● Weight. Lighter cars consume less petrol and require fewer raw materials, such as steel. About 60 per cent of fuel consumption is mass dependent. Instead of slimming, however, cars have been getting tubbier over the past decade. The weight of the average car has climbed by about 100kg, according to Seiffert.

About half the increase stems from new safety features, such as side impact bars, seat-belt pre-tensioners and air-bags. Extra emission control equipment has added around 10kg, while rising demands for better equipment and comfort have contributed about 40kg.

Manufacturers are starting to fight the flab. Bodywork accounts for 20-30 per cent of overall weight. Substituting aluminium for steel, as in VW's up-merket Audi A8 saloon, could save up to 150kg, reckons Seiffert. "An aluminium body means a car can offer the same performance from a six cylinder engine as from eight cylinders," he says.

Aluminium will also make inroads into engines, meaning that current exotica such as aluminium crankshafts, will become commonplace.

Magnesium, another light-weight metal, will also gain ground. Although once dismissed because of its high combustibility, magnesium alloys will be used in applications, such as seat frames and dashboard stiffening, where they are not exposed. In some places, such as gearbox casings and engine blocks, they may supplant aluminium.

By contrast, Seiffert reckons plastic, which now accounts for about 15-20 per cent of a car's weight, has reached its peak. "Plastic is not always as weight-saving as other materials. And if you use reinforced plastics, you start getting recycling problems," he says.

● Electronics. The intrusion of the microchip into the motor will march on. For some time, cars have been using sophisticated electronics for engine management, emission controls and even transmission ratios. However, there is still a long way to go.

"Affordable technology is the way for the future," says Claire Holman, an environmental consultant.

Increasing computerisation will blur the distinctions between electronics and mechanics. That will be most obvious in engine management where electronic fuel injection is making the carburetor redundant. "There's still a lot of room to achieve a better huru by improving how we manage gasoline," says Seiffert.

Electronics will also make inroads into gearboxes and drive trains. Continuously variable transmission, for example, which has proved less popular than manufacturers expected, could be revitalised by added electronics to raise efficiency above even the best manual boxes.

● Engine. The biggest change will be in this area but that does not mean electric powered cars will take over tomorrow. Seiffert reckons it will be 2010 before electric vehicles take even 5 per cent of the market. "The energy content of diesel and petrol fuels is so high that it will be very tough for any alternative to compete," he says.

In the meantime, petrol and diesel will roll on. Petrol engines will become leaner burning and have more valves per cylinder.

Variable intake manifolds and valve timing mechanisms will also become the norm.

But the biggest developments will probably come in diesel. The growth of diesel-powered passenger cars has largely been tax-driven, because of different national excise duties on petrol and diesel.

But diesel may come into its own as technology develops. Direct injection diesels, first seen in commercial vehicles, will lead the way.

Direct injection allows substantial fuel savings and improved engine performance by burning fuel more efficiently than in conventional diesels. Other combustion technologies being investigated include high-pressure distribution injector pumps, unit injectors and common rails.

Current research into higher injection pressures (1,800 bars against 1000 bars today) could improve performance. Fuel consumption should rise by about 8 per cent and engines provide more pulling power at lower speeds.

But diesel leaves many greens gasping. Although manufacturers claim it is cleaner than petrol, memories of overloaded trucks belching out smelly black fumes are hard to extinguish. As for particulates, the evidence is still unclear.

Either way, there is little sign that shifting to diesel will make the motor car any more palatable to environmentalists. For the foreseeable future, two wheels will remain greener than four.

Strange case of Dolly Varden

Ken Gooding reports on an Alaskan mystery involving fish, miners and environmentalists

When more than 200 Dolly Varden char, trout-like fish, were found dead in a pond near the town of Juneau in Alaska, the finger of suspicion immediately pointed at the historic local gold mine.

There was concern that whatever had killed the fish might contaminate the wells from which the town draws some of its water supply.

The case against the mine hardened when close examination showed the fish had abrasions on their gills caused by rough sediment. Samples of sediment taken at the mine by a local environmentalist matched those in the fish gills.

Operations at the mine came to a halt. Echo Bay Mines, one of the biggest gold and silver producers in North America, which is hoping to reopen the mine, called Alaska-Juneau, had been doing exploratory drilling there.

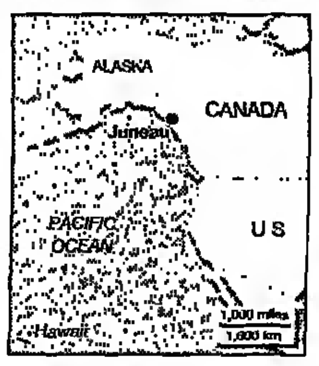
The company co-operated with state and local authorities as they attempted to pin-point the cause of the fish deaths.

This included carrying out two biological studies, one to see how char reacted to sediment in water. Increasing quantities of sediment were added to water until the water would absorb no more. Not one of the fish in the water died.

The second study looked at invertebrate animals in the local streams. This found that the closer the streams were to the mine, the more invertebrates there were and the more healthy they became.

Also, sediment samples taken from various areas near the town were found to be identical to that in the fish gills – and at the mine. The sediment, it seemed, could have come from anywhere in the Junean area.

The first dead Dolly Vardens were found on March 3 last



year. In January this year more char died. But this time Echo Bay representatives were on hand to establish the cause and to video some of the consequences.

The fish died because the pond had dried up.

The Echo Bay people broke through the ice covering the pond to find all the water had gone. Some char, seeking any drop of moisture, were burrowing down into the sediment at the bottom of the pond.

Why did the pond dry up?

The weather was freezing and this had two important effects. First, there was less water coming down the streams which feed the pond and the Juneau wells. Second, Junean is a long-established town with many old buildings. Some residents have a simple method of preventing water pipes freezing in deep winter – they leave taps dripping slightly or put a nail under ballcocks in toilets to keep water constantly running.

Consequently, demand for water rises sharply at the very time when supply is falling. It turned out that the town's water company had pumped the pond dry.

Richard Kraus, Echo Bay's president, says the incident brought his company some benefits. For example, it showed the local community that Echo Bay was willing to co-operate when there appeared to be a problem. "It brought us closer to the local people."

Nevertheless, he suggests it was another example of the highly active, anti-mining lobby in the US in action. It also cost Echo Bay a great deal of management time that could have been more profitably employed in other ways.

Also, the investigations cost the company between $1m (£600m) and $1.5m.

Television/**Christopher Dunkley**

In thrall to political correctness

There is, it seems, no truth in the rumour that the Independent Television Commission (ITC) is considering banning from television all images of the crucifixion on the grounds that they might encourage impressionable children to nail one another to crosses and ram crowns of thorns on one another's heads. On the other hand they really are considering banning the hilarious "No more Mr Nice Guy" commercial for Walkers crisps in which Gary Lineker steals a boy's crisps and hurries away, pursued by the boy. The ITC, we are told, is concerned that "People think this might send signals that it is all right to walk away with a stranger". Presumably "people" does not mean "everyone", but "a tiny minority of the cerebrally challenged".

British television has always suffered from a conviction among Those Who Know Best that all programmes should be acceptable and unworrying to an eight-year-old delinquent. That is why British television has never become a proper, grown up medium of expression.

There was a time when it looked as though we might break out of this strait jacket, a time when, with people such as Hugh Greene at the top of the BBC and Denis Forman at ITV, it seemed that non-conformism would play a powerful part in raising television to the level of senior mass medium. Greene took pride in making room for mischief such as *That Was The Week*, and Forman (who ensured that Granada made *Jewel In The Crown*) was a powerful champion of his journalists, even if it meant confrontation with the government. Today you wonder whether the suits running television really care – or know – about programmes at all. When Michael Green, chairman of Carlton Communications, one of the biggest television companies in Britain, made a rare appearance in print last week, his *cri de coeur* had nothing to do with programme content and everything to do with cross-media ownership. In other words, the desire to be allowed to own more.

On the same day it became known that *Spitting Image* will end after its 1995 autumn series. Since it was never as good as its keenest admirers pretended, and had anyway lost its novelty value long ago, its demise is no great tragedy. But it is worrying to wonder what might take its place, if anything. The writing was rarely as impressive as the caricatures, yet the series was tremendously valuable in proving that television could carry on that powerful English tradition of non conformism and hostility, even contempt, towards established power groups (satire, if you must) established by Swift and Gay, Gillray and Rowlandson. Will anything remotely like *Spitting Image* be made by ITV after 1995? I doubt it.

Conformity and political correctness have become the orders of the day in television. Where the print medium can offer you a whole range of political flavours, from the right wing populism of the Sun to the softish leftish agonising of the Guardian, television cuts its coat according to the government's cloth. If the government says that television must not allow the public to hear and see Gerry Adams speaking, even though he represents a legally accepted organisation, then television kowtows. No broadcaster even goes so far as to test this highly questionable ruling in the courts.

Above all, television has swallowed the feminist myth about the universal ghastliness of men and sanctity of women. BBC2 has started a new comedy called *Game On* in which two young men and one young woman share a flat. Martin and Matthew are dead ringers for Beavis and Butt-Head: foul mouthed wimps who are obsessed with girls but inadequate in all departments. In particular, although they talk endlessly about "shagging", they are hopelessly sexually inept. Mandy, however, being female, is completely together and a tireless shagging machine. When she goes out clubbing she has to dismiss a whole queue of absurd and offensive men before she finds something she is willing to snog. This week when Martin was trying to cut a label off Mandy's dress he claimed he could see her nipples. "No you can't", says Mandy "but I can see yours" and to Martin's chagrin she tweaks them through his T-shirt. Then she claims that she rather enjoys having hers tweaked and invites Martin to try, but he is covered with embarrassment and shrinks away.

Perhaps this is an accurate reflection of the world of twentysomethings. Then again, perhaps it is just a part of the TV fantasy world which you have to inhabit before the PC conformists who dominate broadcasting will allow you in. *Band Of Gold* is a new Sunday night drama serial on ITV which does at least deserve credit for not being about doctors, lawyers, or the police. Instead it is about prostitutes, and it may yet turn out to have considerable qualities. But it was very noticeable in the opening episode that it subscribed to the "All men are bastards, all women are saints" school of feminist philosophy. Any positive aspect of any female character is credited to the woman's natural virtue, anything negative results one way or another from her relationships with men.

As for the new Monday night serial *She's Out* – ITV again – it apparently purports to be some sort of distaff version of *The Magnificent Seven*. There is a shot, admittedly so brief as to be almost subliminal, at the beginning showing the women on horseback, brandishing guns and drawn up in a pastiche of the famous seven-strong phalanx. However, just as the original Dolly Rawlins drama, *Widows*, was morally doubtful, seeming, as it did, to condone whatever these criminals might do on the grounds that they were women and therefore victims, so this new one also seems in danger of moral confusion. The point about the male Magnificent Seven was that, whatever their antecedents, they had become white hats because they were riding to the rescue of persecuted peasants. Apart from Dolly, who talks, incredibly, about opening a sanctuary for unwanted children, the women here appear to be as intent upon criminality as ever. Are we supposed to admire them whatever they may do or say merely because they were brilliant enough to get themselves born female?

Television has many virtues and many strengths, but so long as it cleaves fearfully to the shibboleths of political correctness and Those Who Know Best, so long will it fail to be seen as a proper adult medium of expression.

Moral confusion: Anne Mitchell as Dolly in 'She's Out'

Theatre/**Alastair Macaulay**

Ain't Misbehavin'

Rhythm – bubbling, stomping, incisive and explosive rhythm – comes cascading from the stage in *Ain't Misbehavin'*, the Fats Waller musical show at the Apollo Theatre after its triumph this January at the Tricycle. The show is composed of umpteen hits – "Your Feet's Too Big," "Honeysuckle Rose," "The Joint is Jumpin'," "I'm Goin' to Sit Right Down and Write Myself a Letter," and many more – but larger than the sum of these parts is the infinitely varied but extraordinarily vital Fats rhythm. It is the rhythm of the jazz age, and the beauty of the show is that we seldom feel any divide between that era, in which Fats worked, and our own.

Rhythm is the temporal organisation of energy, and it is the generosity of Fats's energy that makes his own recordings so exuberant. It has attack, it has surprise, it has flow. This production of the 1978 anthology of his songs has plenty of energy, but occasionally the staging errs by overplaying the audience-oriented surface of these numbers, and underplaying their deeper wellspring. There could be less bright-eyed posing and more give in Gillian Gregory's choreography.

But the staging of this *Ain't Misbehavin'*, jointly directed by Gregory and Nicolas Kent, is in most respects a peach. Waller's songs reflected vividly the sexism and racism of his time; and the fact that he showed that blacks were oppressed and that women had to cope with male expectations is present here without apology. No apology could be needed, because from first to last the show celebrates blacks and women – makes them, in fact, irresistibly subversive. Subversiveness is integral here: witness the line "everybody's here but the police – and they'll be here any minute." "I dreamed about a reefer five feet long"; "You'll find it always pays to be futuristic"; "I'll be happy when the nylons bloom again..." The lines are as infectious as the rhythm.

In perhaps the most insidious number of all, the slow "Lounging at the Waldorf", you see – with the evening's cleverest choreography – the jazz dream of elegance, elegance democratically available to all and secretly laughing at itself. The offstage behind-the-curtain beginning, the decor of a giant piano keyboard up and down which the cast of five step, the brilliant colour of the post-cubist drop-curtain: these elements of Bunny Christie's design are perfect, both in historical sense and in their sheer fun for us now.

That the music never palls is due principally to Clement Ishmael, music director of the production and its excellent pianist. Pianism was the core of Fats's work. He did not compose all his songs, but, when he handled those of others, he transformed them; and the transformation began at the ivories. Because, however, this is a stage production, it places its emphasis on its visual ingredients: notably on its five singers. Best is Melanie E. Marshall, who combines black-mama stand-and-give vitality with the lyric purity of the classically trained singer. Dawn Hope is the opposite, a bubble-and-squeak dynamo. She has played Josephine Baker in two different shows, and we can see why. Ray Shell, Debby Bishop, and Sean Palmer also make strong contributions. Individually, I note that Shell is too calculating a performer, Bishop's husky voice is in too parlous a condition, and Palmer's musculature too tight for those Nicholas Brothers jumps-into-the-splits and bounce-back-up-again that he attempts. But the ensemble is spiffing; the band excellent; and the harmonies and polyphonies of the musical arrangements are simply radiant.

At the Lyric Theatre, WC1.

Irresistibly subversive: Dawn Hope and Sean Palmer

Screams and Kisses

One of my enduring theatre memories is of seeing Terry Neason play Edith Piaf. Anyone physically less like the "little sparrow" it is hard to imagine: Terry Neason is a statuesque lady with a strong, handsome face and a mane of thick hair, who looks in robust health. Yet she was convincing – for she has something of the same ability as Piaf to pour out a song with such passion, at once proud and vulnerable, that you feel her life depends upon it.

This is Neason's forte, and when she plays to it, she is magnificent. The high notes of her new show at the Lyric Studio, Hammersmith are the points where she does just that. *Screams and Kisses*, a cabaret-style collection of songs and poems, is an enjoyable tour around the follies of love – foolish love, crazy love, insane love. Neason interleaves the weightier moments with sardonic little verses from the likes of John Hegley, Dory Previn, Peter Nardini and Liz Lochhead, most of them about the mismatch of the sexes.

This is all enjoyable stuff, delivered with wit and relish, and Neason moves smoothly from one mood to another in her deftly shaped programme. Of the songs, she is best with Jacques Brel delivered neat – "Marieke", "The Old Folks" and "Sons Of" are all powerful and moving, sensitively accompanied by Brian Prentice on keyboards.

Far less effective are the songs she tricks out with mannerisms – twirls and swirls and arch little movements – where she undercuts her own ability by overacting and ricocheting from one style to another. It is disconcerting, as if she is nervous about her power to just hold the audience straight and feels compelled to appeal to them with frills – whereas when she just goes for the song at full throttle, she is irresistible.

She finishes the first half with a splendid rendition of "Lover Man", poured out in her full, rich, dark voice, full of naked yearning, that has the audience in the palm of her hand. This is what we want: fewer lollipops, more Terry's All Gold.

Sarah Hemming

Concert/**Adrian Jack**

Sawallisch and the Philharmonia

Wolfgang Sawallisch is a rare visitor to London but on Saturday the Philharmonia Orchestra lured him over to conduct two Strauss tone-poems, *Macbeth* and *Ein Heldenleben*, and Schumann's Piano Concerto, in which Peter Donohoe replaced the indisposed Murray Perahia.

It was a good performance, and could have been still more enjoyable if Donohoe had been given a less thin-toned and clattering Steinway to play. Towards the end of the finale, where Donohoe simmered merrily, neither more nor less than the music allowed, he sounded monotonously mechanical, simply because the balance with the orchestra was unduly in his favour. But he played Schumann's fully composed cadenza in the first movement extremely well, in one certain flow.

Macbeth was Strauss's first tone-poem and it offers a field-day to the brass. It is almost an essay in fanfares, and with his tight electric gestures, Sawallisch got excitingly incisive results. He also stirred the orchestra to a rousing account of *Ein Heldenleben*, with the leader Christopher Warren-Green accurately capricious as well as sweetly tremulous in his violin solos. With its deliberately preposterous, inflated hero's theme and dramatic plotting, no holds barred, *Heldenleben* works brilliantly at face value as well as a hilarious study in irony.

In their customary pre-concert hour of new music, members of the orchestra played four specially composed tone-poems on a much smaller scale by post-graduate students. Literature and painting often suggest forms or processes to supplant traditional musical models and one of the composers, John Stringer, pretty well rejected the idea of descriptive music altogether. His *Dance Fragment*, which he conducted himself, started with an extremely arresting idea which was extended intelligently; but once a new idea replaced it, nothing again engaged the attention so strongly.

Similarly, Rosie Lindsell's inventive energy was strong in the depiction of chaos which opened ... *Out of the sound and the spinning wheel*, inspired by Dylan Thomas's story, *The Mouse and the Woman*. But then somewhat she seemed to run out of steam, not because the music got simpler, but because it got slack and meandering.

Philip Shieh did write a genuine tone-poem, *Scooping the Moon*, based on a story by Li Po. It was in a lyrical tonal style, with shapely intertwining lines which did not however, convey very strong character or tension. But the best was Alan Williams's *On Moira's Plain*, based on traditional Irish turnes, matched its material to a lively, simple story line which climaxed in a battle – "uncritically", Williams noted in the programme, but the wink at the big guns to come later that evening was effective.

The Philharmonia's scheme is good because it offers these composers a platform without setting up undue expectations. Nor did the players, under Martin André's direction, appear to stint their efforts.

INTERNATIONAL ARTS GUIDE

BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 341 9249
● *Magic Flute*: by Mozart. Conducted by Lawrence Foster/Sebastian Lang-Lessing/Stefan Soltesz and produced by Günter Krämer; 7pm; Mar 15
● Martha oder Der Markt zu Richmond: by Friedrich von Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 16
● Ring um den Ring: by Wagner. Ballet based on "The Ring Cycle", choreographed by Maurice Béjart; 7pm; Mar 18, 21
● *The Girl of the Golden West*: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortune; 7pm; Mar 19

FRANKFURT

CONCERTS
Alte Oper Tel: (069) 1340 400
● *Chamber Orchestra of Europe*: with pianist Gerhard Oppitz. Iván Fischer conducts Stravinsky and Beethoven; 8pm; Mar 21
● Frankfurt Opera House and Museum Orchestra: Jia Lü conducts Hindemith and Beethoven; 8pm; Mar 19 (11pm), 20
● Radio Symphony Orchestra Frankfurt: with pianist Tzimon Barto. Dimitrij Kitajenko conducts Ravel, Gershwin and Mussorgsky; 8pm; Mar 15 (7.30pm), 16, 17

LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● London Symphony Orchestra: Daniele Gatti conducts Wagner, Hindemith and Tchaikovsky; 7.30pm; Mar 19
● The Magic of Mackerras: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and cellist Steven Isserlis to play Dvořák; 7.30pm; Mar 17
● The Magic of Mackerras: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and violinist Tasmin Little to play Dvořák, Janáček and Martinu; 7.30pm; Mar 17
Festival Hall Tel: (0171) 928 8800
● Cologne Radio Symphony Orchestra: with pianist Lars Vogt. Hans Vonk conducts Beethoven and Bruckner; 7.30pm; Mar 20
● *Royal Philharmonic Orchestra*: with pianist Yefim Bronfman and conductor Vladimir Ashkenazy plays Bartók and Shostakovich; 7.30pm; Mar 21
● *The Bach Choir: with the City of London Sinfonia and conductor Sir* David Willcocks plays Kodály, Szymanowski and Janáček; 7.30pm; Mar 18
Queen Elizabeth Hall Tel: (0171) 928 8800
● *Deutsche Kammerphilharmonie*: Mikhail Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18, 19
● London Sinfonietta: Sir Simon Rattle conducts Poulenc's "Les Mamella de Tirésias" and Boulez's "Le Soleil des Eaux". Soloists include Lucy Shelton, Barbara Bonney and Phillip Langridge; 7.45pm; Mar 17
Wigmore Hall Tel: (0171) 935 2141
● Mariinsky-Kirov Series: with baritone Dmitri Hvorostovsky and pianist Mikhail Arkadiev. Programme includes Arie Antiche and songa by Glinka and Sviridov; 7.30pm; Mar 20
GALLERIES
Victoria and Albert Tel: (0171) 938 8500
● Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Don Giovanni: a new production of Mozart's opera. In house debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 15, 17
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 18
● *The Cunning Little Vixen*: by Leoš Janáček. Original director, David Pountney; 7.30pm; Mar 16
Royal Opera House Tel: (0171) 340 4000
● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 17, 21
● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 15, 18
THEATRE
Vaudeville Tel: (0171) 838 9987
● Killer Joe: by Tracy Letts, directed by Wilson Milam; 8pm; to Apr 1 (Not Sun)

NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Diamond, Shostakovich/Barshai and Glass; 2pm; Mar 19
Avery Fisher Tel: (212) 875 5030
● New York Philharmonic: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 16, 17 (2pm), 18, 21 (7.30pm)
Carnegie Hall Tel: (212) 247 7800
● *Cincinnati Symphony Orchestra*: with soloists Katia and Marielle Labèque. Jesús López-Cobos conducts Wagner and Bruckner; 8pm; Mar 20
● *Kiri Te Kanawa*: and pianist James Levine perform their only New York recital of the season; 3pm; Mar 19
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 15, 18
● La Bohéme: by Puccini. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 18 (1.30pm)
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 17, 20
● *Simon Boccanegra*: by Verdi. A new production directed by Giancarlo del Monaco; 8pm; Mar 18
THEATRE
Roundabout Theatre Company Tel: (212) 869 8400
● *The School for Husbands/ The Imaginary Cuckold*: by Molière. Michael Langham directs Richard Wilbur's translation and stars Brian Bedford; 8pm; to Mar 17 (Not Mon)

PARIS

CONCERTS
Champs Elysées Tel: (1) 49 52 50 50
● Samuel Ramey: bass and pianist Warren Jones open the Sony Classical Series; 8.30pm; Mar 18
● The Royal Chapel Vocal College of Ghent: with soprano Sibylla Rubens and tenor Christoph Prégardien. Philipe Herreweghe conducts Bach; 8.30pm; Mar 19
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Chamber Music: with violinists Fréderic Laroque, alto Jean-Claude Dewaele and counterbass Thierry Barbé from the Orchestra of the National Opera. The programme includes Bach, Teleman and Mozart; 8pm; Mar 21
GALLERIES
Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27
● André Derain: 350 works spanning his entire career; to Mar 19 (Not Mon)
Musée Du Petit Palais Tel: (1) 42 65 12 73
● Carthage: history, its impact and resonance; to Jul 2
OPERA/BALLET
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Magnificat: music by Bach, choreography by John Neumeier. Gunther/Rainer Muhlbach directs this production presented by the Ballet of the National Opera of Paris; 7.30pm; Mar 17, 18
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gegam Grigorian and Gaetan Laperriere; 7.30pm; Mar 18, 20

WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● Stuttgart Chamber Orchestra: Dennis Russel Davies conducts Mozart, Schnittke, Britten and Boccherini; 7.30pm; Mar 20
GALLERIES
National Gallery Tel: (202) 737 4215
● Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the cathedrals of Florence, Pavia and St. Peter'e; to Mar 19
OPERA/BALLET
Washington Opera Tel: (202) 418 7800
● Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 18 (7pm)
THEATRE
Arena Stage Kreeger Theater Tel: (202) 554 9066
● Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ciulei and translated by Christopher Hampton; 7.30pm; to Mar 19 (Not Mon)

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Ian Davidson

Answer to the puzzle

It is politics rather than economics that will be decisive for European monetary union

Pro-Europeans in Britain, long beleaguered by the apparently irresistible advance of the Eurosceptic wing of the Conservative party, were buoyed up by the debate on Britain's European policy in the Commons earlier this month. Mr John Major, the prime minister, of course, continued to zigzag and trim. But Mr Tony Blair, the Labour leader, emerged for the first time as a possible champion of the European cause.

Unfortunately, the surge of euphoria by the pro-Europeans is based on shaky foundations. They have had so little reason for chaerfulness in recent years that they are not always clear-sighted. They are tempted to grasp at any straw in sight, and after the debate they were grasping with both hands.

The question at stake in the debate was the project for economic and monetary union, which was launched by the 1992 Maastricht treaty and which is supposed to lead to a single European currency some time in the next few years. Mr Blair made clear that he would willingly join a single currency, provided the economic conditions were satisfied, and provided the people gave the necessary political consent.

Moreover, he asserted that there was no "constitutional barrier" to Britain's joining a single currency because it would not imply a federal Europe. This issue of constitutional principle, be argued, could and should be decided now.

On both issues, he challenged Mr Major to declare his hand; but on both issues Mr Major resisted the challenge. He declared that he could not decide until the implications of the choice were known, and they could not be known until nearer the moment of decision.

The reason why these two leaders speak on this issue as they do is clear and comprehensible. Mr Major is a weak prime minister who has become a prisoner of the Eurosceptics; he may even be a closet Eurosceptic at heart himself. Mr Blair, by contrast, feels personally comfortable with the objectives of European integration, and strong enough in his party not to need to kowtow to his own Eurosceptics.

The uncomfortable paradox for the pro-Europeans, however, is that there is a good deal of truth in what Mr Major said in this debate. They may reasonably suspect his motivation. But the plain fact is that we cannot yet know all the implications of Emu because they have not yet been decided.

According to the Maastricht treaty, the rules for progressing towards the final stage of Emu and a single currency are clear-cut and quasi-automatic. If a majority of member states meet all the necessary budgetary, financial and economic conditions, it could in theory start at the beginning of 1997; but in any case it will start, with any countries that qualify, at the beginning of 1999.

The Bundestag – *not the Maastricht* treaty or the Commons – will decide whether Emu happens

On the assumption that these are the two options, economists spend a great deal of time arguing about which countries are likely to meet the minimum criteria, and whether an appropriate majority of states can be assembled in time for the earliest starting date. Some say it is inevitable; some say it is impossible; and others hedge their bets. The trouble is that they spend so much time on the economics that they pay no attention to the politics. And yet everyone knows that it is the politics which will count in the end.

There are two political factors which will be decisive in solving the Emu conundrum: and neither is British: both are German.

The first is that Germany has an opt-out from Emu. It's not normally put that way, but the fact is that Germany cannot go ahead without a vote in the Bundestag. This means that it will be the Bundestag, not the Maastricht treaty – and certainly not the House of Commons – which will decide whether Emu happens or not.

The second factor is that the German political establishment will almost certainly *not* agree to go ahead with Emu unless Germany's partners agree to significant new moves towards closer political integration. The Germans were disappointed by the Maastricht treaty precisely because the plan for Emu was not matched by corresponding progress towards "political union". Therefore, this defect must be made good in the treaty-revising Inter-Governmental Conference next year. The verdict of one key German politician is categorical: "If the IGC is not a success, there will be no monetary union."

Nobody yet knows exactly what the Germans mean when they talk about "political union". They obviously do not mean the kind of centralised unitary monolith which figures so regularly in the wild propaganda of the Europhobes, because neither the Germans, nor the French, nor any other European country, will vote to disappear in some Euro-mega-state. They will probably call for more majority voting in the Council of Ministers, and more powers for the European parliament. Who knows, they may also demand a strengthening of the economic rules for Emu.

The only thing we know for sure is that the real political terms of Emu are not yet decided. To say this is not to imply that there is, or is even likely to be, a "constitutional barrier" to UK membership. But it must be disingenuous or even dangerously misleading for Mr Blair to insinuate that Emu does not have far-reaching political consequences whose full implications have yet to be negotiated. Unless the pro-Europeans come clean over the political purpose of European integration, and persuade the voters that it has positive virtues, it is a racing certainty that Britain will drop out.

The Indian prime minister is unlikely to be unseated in spite of Sunday's defeats, says **Shiraz Sidhva**

Struggle to weather the electoral storm

At the Congress (I) headquarters in New Delhi, dejected members of India's ruling party point out large areas on a map where it has lost power in state elections since November.

They blame Mr P.V. Narasimha Rao, the Congress leader and Indian prime minister, for the party's latest defeats in elections in Maharashtra and Gujarat, the country's richest and most industrialised states.

This week's reverses follow earlier losses in the southern states of Andhra Pradesh and Karnataka. The defeats have shaken the 110-year-old party which has ruled India almost continuously since independence in 1947, prompting dissident MPs and party workers to demand changes in Mr Rao's pro-market economic reforms and political policies.

The party has not fared so badly since the aftermath of the state of emergency declared by former prime minister Indira Gandhi in 1977, when voters reacted by delivering a string of electoral defeats to the party. It now retains power in only eight out of 26 states, most of which are too small to have a bearing on national politics.

The dissidents have challenged Mr Rao's authority and questioned his ability to revive the party before the general election due next year. They have also complained that the prime minister has become increasingly authoritarian and lost contact with grassroots workers. A senior cabinet minister says: "Mr Rao has vested all powers with himself, but has no time to devote to party activity."

But loyalists discount this week's defeats on the grounds that they were the result of an "anti-incumbent" or "anti-establishment" vote rather than one directed specifically against Congress.

Mr Mani Shankar Aiyar, a Congress MP, says: "The electorate at the state level has almost always rejected governments in power. By the general election, the electorate will be so disenchanted with the non-Congress state governments that we are bound to win."

Loyalists also point to Congress's unexpected victory this week in the eastern state of Orissa as evidence of the party's powers of recovery. Congress established a clear majority and will now replace the Janata Dal government in Orissa, which is one of India's poorest states.

Analysts predict that Congress will use the Budget, to be presented in parliament today, to help restore its political standing. It is expected to do this by trying to soften the adverse impact of consistent double-digit inflation in the run-up to the next general election.

Rakesh Sahai

P.V. Narasimha Rao: has to work hard to resolve party differences

There have been hints that the Budget will concentrate on what Mr Rao has called "the human face of reforms". This could mean that it will increase government subsidies, as well as deferring some controversial aspects of the party's economic reform programme such as closing lossmaking state-owned textile mills.

As one government economist sees it, Mr Manmohan Singh, the finance minister, has "the unenviable task of convincing the world that reforms are apace, while appeasing Congress vote-banks at the same time".

Congress's strong identification with the reform programme it introduced in 1991 to effect a transition from socialism to a free-market economy may have improved Mr Rao's image abroad. But it has done little to bolster the party's standing at home – especially with poor voters.

Mr P.R. Kumaramangalam, a former member of Mr Rao's cabinet who in 1993 resigned in protest at the government's policies, says: "The party has failed to make people appreciate the social content of our economic programmes. There is a complete alienation of our traditional vote-banks, including the backward classes and the minorities, and we need to address this if the party is to survive."

Congress has also failed to reassure the Moslems of Bombay that they are safe in India. The party lost in Maharashtra because Bombay's Moslems have not forgotten that the party failed to protect them when riots erupted in the city in January 1993 following the destruction of a mosque in Ayodhya.

But Mr Rao's supporters – and even some of his opponents – believe he will weather the storm, arguing that the dissent simply proves that there is a healthy level of democracy within the party. They say the prime minister is unlikely to be unseated before the end of his five-year term in May next year.

Industrialists and the business community meanwhile, are convinced that neither new state governments nor even a change of leadership at the centre will derail the economic reform programme. They acknowledge that there is some doubt about the pace of change but say reform has gone too far for its general direction to be reversed.

Political pundits now predict that Mr Rao will carry out another cabinet reshuffle. He conducted a minor reshuffle in February after expelling Mr Arjun Singh, his main detractor, from the party leadership. Many cabinet posts remain unfilled, and many believe that Mr Rao could quell dissent effectively by accommodating disgruntled party members.

Most Congress MPs believe that Mr Rao is tactically in a stronger position than any of his opponents. This is because the prime minister can expel dissidents and dissolve parliament if he chooses. He can also dole out favours and rewards in return for support.

Mr Rao's position is further strengthened because no real challenge has so far emerged to his leadership. Mr Arjun Singh and his ally, Mr Narayan Dutt Tiwari, another seasoned Congress politician and former minister, have failed to channel the disenchantment within the party into calls for either of them to become leader.

Dissident MPs have instead appealed to Mrs Sonia Gandhi, the Italian widow of Rajiv Gandhi, the former prime minister, to "come forward, guide the Congress and save the country". They believe only a member of the Nehru-Gandhi family which presided over the party for more than 50 years can save it. But Mrs Gandhi is thought unlikely to challenge Mr Rao in the near future.

Congress's defeat has meant a big gain for India's largest opposition party. The right-wing Hindu Bharatiya Janata party (BJP) has this week formed a government on its own in Gujarat and with the Shiv Sena, its more militant ally, in Maharashtra, and has demanded Mr Rao's resignation.

The BJP plans to demand an early general election in parliament during the Budget session which starts today. Mr Sikander Bakht, a BJP leader, says: "The Congress is torn by dissension, ravaged by corruption, and lacks political direction or philosophy. It has lost whatever little remained of its moral authority to continue in government."

But the government is unlikely to concede defeat. It is striking that critics such as Mr Bakht are focusing their attention more on the disillusion of voters with the party's moral standing than on policy issues such as economic reform.

Opposition parties including Mr Jyoti Basu's Left Front government in West Bengal are keen to support reform and to dispel the notion that only Congress is interested in furthering the country's liberalisation programme.

The BJP-Shiv Sena coalition in Maharashtra has already declared that there will be no significant change to the state's economic policies. Mr Bal Thackeray, Shiv Sena's controversial leader, assured businesspeople on Monday: "We welcome free trade and we expect everybody's cooperation."

Mr Rao will have to work hard to resolve the differences within Congress if he is to ensure the party retains power in New Delhi. Crucially, he must also somehow persuade India's poor that economic reforms will eventually benefit them.

If he can achieve this, there is a good chance he will survive until next year's general election – -and perhaps beyond.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Credit at high cost

From Mr Michael Spagat.

Sir, Richard Layard contends that the levels of inter-enterprise credit experienced in Russia over the past few years have not been alarming (Letters, March 11/12). Perhaps this is true, but the observation that "the average delay in paying suppliers is rather less than in Western Europe" is hardly convincing. Allowing a debtor to delay payment for two months is one thing when annual inflation is 4 per cent, but it is something entirely different when monthly inflation is 13 per cent. Or are we to assume that Russian debtor enterprises always pay market rates of interest?

Michael Spagat,
department of economics,
Brown University,
Providence RI 02912, US

Order in UK regions

From Ms Joyce Quin, MP.

Sir, In your coverage of the debate on UK regional government ("Labour faces map of confusion", March 9) you refer to the "map of confusion" with different organisations relating to different sets of regional boundaries. However, many of these boundaries are relatively recent and have been fixed to suit the administrative convenience of the bodies concerned, rather than responding to any feeling of regional identity.

It seems to me that the standard planning regions are by far the best basis for rational government boundaries, and I regret that these have been undermined by bodies such as regional health authorities. Yet I also believe that there should be nothing to stop regions co-operating and working together – for example, in order to promote transport links and improvements or in order to present joint submissions to government or to Brussels.

It will also be important to consult people, in finalising boundaries, so that local as well as regional feelings of identity are respected.

Joyce Quin,
House of Commons,
London SW1A 0AA, UK

Voting impasse for WTO chief a more widespread problem

From Professor H.W. Singer.

Sir, The letter by Ambassador Tironi ("Breaking WTO chief impasse", March 13) makes good sense and shows a way out of the impasse. Let us hope that it will be noted in the right quarters.

However, it may be pointed out that the problem which Ambassador Tironi tackles extends well beyond the WTO to all other international organisations and well beyond the appointment of a chief executive to strategic decision-making in general. The present system is illogical and extremely harmful. In the World Bank and International Monetary Fund we have a system of "a dollar a vote", whereas in the United Nations and its agencies decisions are made on the basis of "a country a vote".

The result is that the western Group of Seven countries have full control of the IMF and World Bank, whereas the developing countries have voting control of the UN. The inevitable result: the G7 countries throw their full financial and political support behind the IMF and the World Bank while the UN is marginalised and starved of resources. For the UN this sets up a vicious circle in which lack of resources and support leads to lack of competence and to failures which are then taken as a reason or pretext for further shifting of support and resources away from the UN and towards the Bretton Woods institutions.

There is an urgent need to modify both voting systems, neither of which can claim to be fully democratic. A common voting system on the general lines outlined by Ambassador Tironi would create a level playing field between the UN and the Bretton Woods institutions, and provide a more balanced distribution of functions and support than at present.

H.W. Singer,
University of Sussex,
Brighton BN1 9RE, UK

From Mr Rahmi M. Koc.

Sir, This morning, the World Trade Organisation, the repository of so many hopes for a more prosperous world, is effectively leaderless. For months, we have been treated to the unedifying spectacle of squabbling among governments over a suitable candidate for director-general.

The deadlock must be broken. If ever there was a time when the multilateral trading system needed a resolute champion, it is now, when the much talked about globalisation of business is forcing so many new issues on to the international trade agenda.

Above all, the WTO must see to it that the Uruguay Round accords are faithfully implemented, and that the new dispute settlement procedure works well.

The International Chamber of Commerce, representing world business, has no preference for one candidate or another, whether Mr Renato Ruggiero of Italy or Mr Kim Chul-su of South Korea, or a dark horse that might yet emerge.

But surely it is not too much to hope that governments will be sufficiently far sighted to realise that whoever is chosen to head an organisation whose *raison d'être* is multilateralism must not be perceived as the candidate of any one region.

Altogether different criteria than national or regional origin should be decisive. The job should go to somebody with the international stature, the energy and the vision this exceptional post requires. Governments should resist the temptation to insist on a candidate who might uphold their interests, and instead simply look for the best person for the job.

Rahmi M. Koc,
president,
International Chamber of Commerce,
38 Cours Albert 1er,
75008 Paris, France

Dangers of shock therapy in Russia and Ukraine

From Mr Michael Tracy.

Sir, You give great prominence to an article ("The long day's journey to market", March 7) by Martin Wolf and Chrystia Freeland urging Russia and the Ukraine to "follow Poland's example" in economic reform.

Such advice is not new, and it has not worked.

Anyone who has dealings with all the countries concerned must be well aware of the vast differences between them in economic structures, social patterns and individual attitudes, not to mention political stability and respect for the rule of law.

Certainly, Russia and the Ukraine have to take much firmer action than they have done so far. But to continue advocating "shock therapy" without taking into account the socio-political consequences is superficial and dangerous.

Western "experts" must avoid such dogmatic statements, or else leave it to reformers in these countries to work out their own remedies.

Michael Tracy,
director,
APS-Agricultural Policy Studies,
20 Rue Emile François,
B-1474 Genappe-La Hutte,
Belgium

Very good

From Professor D.R. Myddelton.

Sir, Lex is quite right to argue that companies should capitalise purchased goodwill and amortise it against profit over a limited period ("Goodwill accounting", March 7). Not only would this bring the UK into line with the rest of the world, it would also provide better accounting for stewardship. For far too long British accounts have comprised a mishmash of costs and valuations, condoned by various standard-setting bodies.

D.R. Myddelton,
professor of finance and accounting,
Cranfield University School of Management,
Cranfield, Bedford, UK

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
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Mexico's new medicine

The new plan for stabilising the Mexican economy is President Ernesto Zedillo's toughest promise yet that the country will turn itself around. It will succeed only if foreign investors finally begin to believe him and Mexicans recognise that the heavy burden of delivering on the promise rests almost entirely with them.

On the face of it, Friday's package has a better chance of standing up to external scrutiny than its predecessors. In December, the government's projections for 1.5 per cent growth in gross domestic product and 19 per cent inflation in 1995 seemed fanciful the day they were announced. Even Mr Zedillo's revised predictions, for a 2 per cent fall in GDP and inflation of 42 per cent, may prove over-optimistic. Investors' persistent lack of confidence over the past few months probably means that the drop in output will be closer to between 4 per cent and 5 per cent this year. But the new package does at least come much closer to accepting how difficult the path ahead will be.

The biggest obstacle is the dramatic turn-around in the trade balance needed to compensate for the collapse in foreign capital inflows. Initially, Mr Zedillo hoped to halve the current account deficit in 1995, from last year's nearly 8 per cent of GDP. The new plan is far more ambitious, aiming for a shortfall of just $2.4bn (£1.5bn) or less than 1 per cent of GDP. The bulk of the adjustment is to come through tax increases, to raise public savings, and a 27 per cent rise in exports. Imports are due to fall 12 per cent.

The schedule is tough, but not impossible. Falling consumer demand and corporate profitability may make it difficult to boost tax revenues as much as the government hopes, but will help rein in imports. Most important, 42 per cent growth in domestic prices would still allow exporters to take advantage of a substantial rise in competitiveness from the 50 per cent nominal devaluation of the peso since the beginning of December.

However, achieving 42 per cent inflation in the year to December means curbing the quarterly inflation rate, from the 15 per cent estimated for the first three months of 1995 to only 4.5 per cent in the fourth quarter. Efforts to improve the transparency of monetary policy – for example, through timely publication of data on foreign exchange reserves – may go some way to reassuring outsiders that the central bank will not quietly repeat the expansionary excesses of last year.

Yet the generous provisions for maintaining the solvency of the financial sector, and companies with severe balance sheet problems, are worryingly opaque. The government says it will not let injections of bank capital translate into credit expansion. But keeping to that will mean a tighter monetary squeeze elsewhere, if interest rates do remain high.

Of course, interest rates will fall if and when the government's external credibility improves. With wage and price moderation central to the plan's success, investors may wait to see hard evidence that Mexicans have accepted significant short-term hardship as the price of recovery. The absence of a new wage agreement with unions and business shows that the government has few direct means of achieving this. But Mr Zedillo and the electorate should know that renewed investor confidence will only follow the pain, not substitute for it.

Doctors on call

Yesterday's Audit Commission report on the work of hospital doctors in England and Wales highlights the progress still to be made in reforming the National Health Service. Training for junior doctors leaves much to be desired; and serious questions need to be asked about the relationship between hospital managers and consultants, a sizeable minority of whom appear to be subject to remarkably loose control.

The report offers snapshot statistics based on often small samples, and the figures do not detract from the dedication of the great majority of consultants to their NHS patients. Even so, the commission's findings cannot be dismissed offhand. A third of consultants were found to miss more than one in 10 of their out-patient clinics or operating sessions. Half the hospitals did not have job plans, setting out tasks and obligations, for all their consultants, while some 10 per cent of consultants had no job plans.

As for junior doctors, their training was often poorly structured, while too much of their time was found to be occupied with tasks more appropriate for nurses. The commission was concerned at the frequency with which inexperienced junior doctors were left unaided to carry out operations and see new out-patients – criticisms that again reflect on the role of consultants.

Some large issues are raised obliquely by the report, notably the recruitment and contractual terms of consultants and the relationship between doctors and nurses. There may be a case for recruiting more consultants and ensuring that their contracts yield greater value to the NHS. As nurses become better qualified and junior doctors work shorter hours, it might be appropriate for nurses to take on more of the routine work of the latter.

However, the immediate priority is to ensure that hospital managers put effective training and control regimes in place. In no other branch of the public sector would it now be acceptable for 10 per cent of senior professional staff to be working without job plans. Consultants may be a special case in terms of the relationship between their private and public work, but their ability to earn high private incomes makes any failure to give value for money in their NHS endeavours still less justifiable.

Hospital managers and professional bodies should heed the commission's recommendations. Junior doctors should be closely supervised and given properly structured training. All consultants should complete job plans. And national controls on the number of posts at different levels of the hospital doctor hierarchy should be reviewed to ensure that they bear a close relationship to actual need.

Monitoring Iraq

No member of the UN Security Council advocated that the sanctions on Iraq should be lifted when they came up for review on Monday. All accept that they must remain in place until Iraq has accounted for all its weapons of mass destruction and a system of long-term monitoring is fully operative. But a clash is looming about what to do when Rolf Ekeus, the UN inspector, reports that those conditions are fulfilled, as he may do within the next few months.

France and Russia say that sanctions should then be lifted. Britain and the US say a broader judgment has to be made about Iraq's overall record of compliance with UN resolutions, including Resolution 688 which demanded an end to the repression of the Iraqi civilian population, and – in the light of that record – about Iraq's likely behaviour if sanctions are lifted. Though not officially stated, the implication is that Iraq cannot be trusted, and therefore sanctions should be kept on, while Saddam Hussein is in power.

Iraq itself – or rather Mr Saddam's regime, which should not be equated with tha country it so grossly misgoverns – is deploying a two-pronged strategy to get sanctions lifted. One prong appeals to commercial self-interest, and was evident in the gathering of international oil executives in Bagbdad last weekend, at which mouthwatering concessions were hinted at. The other, addressed to world public opinion, has been quite successful in getting bishops, intellectuals and retired politicians in the west to wax eloquent on the sufferings endured by the Iraqi people.

It is grotesque that anyone can still be taken in by this humanitarian pose, coming from a regime which is itself, directly and indirectly, the cause of all the suffering it claims to be so anxious to alleviate. The fact is that food and medicine have been exempt from sanctions throughout, and that the regime could easily pay for them. If it needs more it has only to sell oil under the terms of Resolution 706, which allows it to raise $1.6bn provided the use of it to purchase and distribute humanitarian goods is monitored by the UN – conditions the US is now offering to make "less intrusive".

More genuine dilemmas lie in wait. Those who want sanctions lifted need to think how they will cope with the disruption of the oil market which the sudden return of a major producer will cause, especially the destabilising effect on neighbouring oil producers, and how far an unrepentant (even triumphant) Mr Saddam can really be welcomed back as a member of the regional and global communities. Those whose half-admitted aim is his downfall, on the other hand, need a clearer strategy both for bringing that about and for ensuring that Iraq itself does not disintegrate in the ensuing chaos.

The waters beyond Mischief Reef

Tony Walker asks whether east Asia and western countries can adapt to a more assertive China after Deng Xiaoping

Beijing's recent stealthy attempt to strengthen its territorial claims in the South China Sea by building on a disputed reef was at first barely noticed abroad. But China's neighbours are starting to see it as a sign that China may become more assertive in the post-Deng Xiaoping era.

Chinese officials initially implied that what Beijing has disingenuously described as "shelters for fishing vessels" were only sanctioned by local commanders. However, the decision to build four structures on the aptly-named Mischief Reef within the Philippines' 200-nautical mile exclusive economic zone was almost certainly taken at senior level in Beijing.

China's latest South China Sea gambit – it claims sovereignty over 80 per cent of the area – is being studied closely for clues to Beijing's behaviour during the transition to a new generation of leaders. One concern is that the death of Mr Deng and the manoeuvring among pretenders for the leadership will lead to a more nationalistic posture.

Dr Robert Ross, a research associate in Chinese military affairs at Harvard and visiting scholar at Beijing's Foreign Affairs College, says the thrust by China towards the eastern limits of its South China Sea claim will increase regional apprehensions, and could also lead to a process of "island-grabbing". Dr Ross says: "They were obviously testing the waters to see what they could get away with".

Apart from territorial disputes in the South China sea, potential troublesome issues include Taiwan, Hong Kong, the Korean peninsula, and relations with the US. The difficult Sino-US relationship is perhaps most vulnerable in the short-term on questions such as trade, arms proliferation and human rights, although recent landmark agreements on copyright abuses and market access may prove a sign of a maturing partnership.

China's responses on all these questions can hardly avoid being influenced by internal political developments. A difficult leadership transition, with rival contenders jockeying for power, could lead to a more strident foreign policy and the danger that even minor disputes could be magnified. Conversely, a smooth transition would lessen these risks. Dr David Shambaugh, a China security specialist at the School of Oriental and African Studies in London, describes a "direct linkage" between internal politics and China's behaviour militarily and diplomatically. "If the post-Deng leadership is insecure in its position internally that will cause a more assertive posture externally," he says.

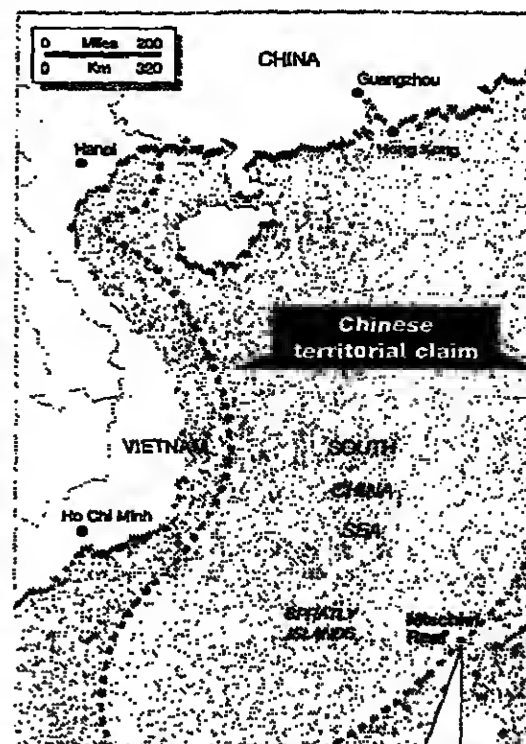
Opinion is divided among China scholars about Beijing's likely behaviour in this next period. Views range from the "business more-or-less as usual" school to those who predict a bumpier ride. But few observers doubt that China's growing economic power, its desire to increase its international role and its ambitions to be the leading regional power will make for difficult adjustments by others.

Most risk analysis about China – an activity that has become something of a growth industry amid present uncertainties – yields three broad scenarios. The first is that Deng's policies of "reform and opening" will be maintained with relatively minor modifications; the second is that China reverses course and becomes more inward-looking; and in the third, China breaks up, with the centre losing control in the face of increasingly powerful challenges from the provinces and chaotic social unrest.

Mr Sheng Lijun, a China specialist at the Institute of South East Asian Studies in Singapore, says that far and away the most likely scenario is the first. "Factors for stability outweigh those against," he says, arguing there is no realistic alternative to reform.

Mr You Ji, lecturer in politics at the University of Canterbury in New Zealand and writer on the Chinese military, says that externally China is heading in the "direction of interdependence". This process of integration is the best guarantee of Chinese good behaviour after Deng, he says. "China does not pose a threat to major powers or to small powers in the region. China needs the support of small powers."

But Beijing's handling of issues such as the dispute over the Spratly islands in the South China Sea suggests that its determination to assert itself regionally – China scholars are beginning to refer to Beijing's approach towards its Spratly islands claim as "creeping assertiveness" will pose growing problems for its neighbours.



China is in dispute over the Spratlys with Vietnam, the Philippines, Malaysia and Brunei, all of which lay claim to all or part of the island chain. Taiwan is also a claimant.

Attempts to defuse the issue through bodies such as the Association of South East Asian Nations (Asean) Regional Forum established last year have faltered. China, which fears being isolated at such multilateral gatherings, says it is opposed to the dispute's being "internationalised"; it would prefer to deal with the issue bilaterally.

While the Spratly dispute has captured headlines in Asia, it is not China's most pressing foreign policy concern. Rather, for the foreseeable future, apart from US relations, those will be the issues of Hong Kong and Taiwan.

If mishandled, both could cause serious disruption to China's external relations, not just with neighbouring states but with the broader international community.

China is currently trying to woo Taiwan with emollient words and offers of a closer economic partnership. Professor Shi Min, director of the Asia, Africa Development Institute under China's State Council, or cabinet, says the Taiwan question should be "solved naturally over time". It is better, he says, to "talk and talk, wait and wait".

But this assumes political movements on Taiwan will not challenge one of Beijing's absolute taboos – a concerted move towards Taiwanese independence. Such a development would oblige the Chinese leadership in almost any conceivable circumstance to react, so risking an escalation of the conflict. Overt threats from China would also seriously complicate Sino-US relations.

Similarly, China's 1997 takeover of Hong Kong is fraught with difficulties which may upset Beijing's international relationships. In the excitement that is certain to prevail at the time of the handover – watched closely by the media – there is great scope for things to go wrong. Chinese over-reaction to threats to its authority risks souring the atmosphera and causing complications with the west.

Much has been made in recent years of Beijing's military build-up, with annual budget increases running well ahead of inflation, but most defence experts believe the "China threat" is overstated. China's ability to project its power is limited, and is likely to remain so for between 10 and 15 years.

In China's calculations about its strategic environment, the relationship with the US looms large. Chinese officials see US pressures on trade, arms proliferation and human rights as part of a grand design to keep China weak. This crude view has surprisingly firm adherents at most levels of the leadership and increases the risks of overreaction to real or imagined US slights.

For the US, its western allies, and Asian governments, therefore, this next period in China's development as an aggressively modernising state requires careful management, whether China's political transition is bumpy or smooth. "China will increasingly impinge on areas where the US in particular, and the west in general, have been dominant. Considerable suspicion exists on both sides as to the intentions or interests of the other," says a study* of China after Deng, to be published soon.

"Yet," it adds, "the international community will have to make room for China not just as an economic competitor but in the political and strategic arenas. The question is not whether but how that adjustment is to be made."

* *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region. Longman Cheshire and St. Martin's Press, Melbourne and New York (to be published mid-1995).*

Power privatisation need not follow the model pioneered in the UK, argues **David Lascelles**

More than one way to go

As the privatisation pioneer, Britain was bound to be first to find the bad side. And so it has turned out. Scarcely a week goes by without some fresh outcry over regulatory failings or greedy managements. Even small investors who at first made profits by buying shares in privatisation issues have now joined the disenchanted: the value of their electricity investments fell sharply last week when Professor Stephen Littlechild, the UK regulator, decided to review his hitherto lenient price controls on the companies.

Britain's experience, however, does not seem to have deterred dozens of other countries from proceeding down the same route. From New Zealand to Norway, and Argentina to Czechoslovakia, governments are selling off and deregulating their utilities with great enthusiasm.

There are notable exceptions to the trend, including France, where entrenched local interests want to keep things as they are. But in most of the world the process seems unstoppable.

Two weeks ago, more than 200 executives from many of the world's top utilities gathered in Arizona to address some of these issues. What was striking was the sense of upheaval: like the airlines, and the banks and telecommunications monopolies before them, electricity companies are finding that change has finally caught up with a hidebound industry. There was scarcely a company present that did not face either privatisation or a shake-up of its traditional markets.

Some common themes were discernible. One was the allure of the proceeds to be derived from privatisation. Enel of Italy, the largest sell-off candidate currently on the block, has a potential price tag of $20bn; a spot of regulatory difficulty in the UK would not stop politicians claiming such a prize.

There are also technological changes. Just as automated tellers bypassed the traditional bank branch, new power generation and distribution technologies are undermining the massive power stations that most people imagine is the only way to make electricity.

In future more consumers will be served by the small, independent power stations that are already springing up, often owned by newcomers to the business. This could lead to miniature home generators which enable each household to make its own electricity, and even feed its surplus back into the grid.

There is a growing realisation that old arguments for monolithic utilities – economies of scale and security of supply, for example – no longer hold. Such advantages are increasingly outweighed by the inefficiencies and the resistance to change in the large utilities. One result of the UK experience has been to make people see that change is possible, even desirable, in an industry they previously assumed had to be organised in large, often monopolistic units.

There could be small home generators enabling each household to produce its own electricity

Mr Mark Spelman, who specialises in utilities at Andersen Consulting, says the sector has "lost its sanctity" – its unquestioned acceptance by the public. In particular, he points to the role of regulators in facilitating change. These days, they travel, meet at international gatherings, and spread new ideas. The modern breed of regulator is interested in how new structures work, not in preserving the status quo. In California, the state which is pioneering deregulation in the US, it was the regulator who took the initiative last year.

Such changes could, in Mr Spelman's view, produce a period of chaos in electricity supply. But after the upheaval, new types of energy service companies will begin to emerge, driven by the need to satisfy customers rather than manage hefty assets.

The important issue in all these changes is what sort of market structure countries should aim for, and this is often the real test of the will for liberalisation. Here, the UK lesson is instructive. Britain created a centralised "pool" to provide an obligatory central market for wholesale electricity after privatisation. This is now widely seen as inappropriate, partly because it has failed to deliver low and steady prices.

But, more fundamentally, the pool is also seen as an awkward compromise between a centrally managed system and a genuine free market. The most forward-thinking strategists in the industry are now looking at ending any hint of central management and at opening up power supply to the market.

In California, for example, a strong lobby (which includes the state's largest generator, Pacific Gas & Electric) is arguing for a totally free market in which everyone could sign up for electricity with whichever supplier they liked, at privately negotiated prices. This would make the electricity market rather like the oil market, with deals done bilaterally, but with everyone having a fairly clear idea of the going rate.

The UK experiment is a much-quoted point of reference, but usually for the pitfalls it highlights rather than as a model to emulate.

OBSERVER

Soap opera buddies

■ Students of spy and detective thrillers will be familiar with the good guy/bad guy routine in which prisoners are interrogated alternately by a thug who slaps them about, then by a softy who gives them a cigarette and a cup of tea. It's a bit like that working for Procter & Gamble, the US soap and toothpaste giant.

John Pepper, head of P&G's international operations, plays the role of the good guy, known for his warmth, teamwork approach and acts of generosity.

Then there is the fist-clenched Durk Jager, head of the US business, renowned as the cold and ruthless go-getter who slashed 13,000 jobs at a company previously known as a bastion of lifetime employment.

As different as chalk and cheese, they were trying to make the effort to get along yesterday when P&G announced that both would have a hand in running the company after the retirement of Ed Artzt, the chairman and chief executive, in July.

The amiable Pepper, who will take the number one job as chairman and chief executive, got off to a good start.

"We are bugging each other right now," he told reporters asking about the alleged rift. Since the press conference took place by telephone, it was hard to verify that the two had achieved this new plane of intimacy.

Even the Netherlands-born Jager, due to take on the newly-created post of chief operating officer, managed to joke that his only complaint was that he couldn't get Pepper to take a course in Dutch. Well – it sounded like a joke.

Hole in two

■ It has not been the best of weeks for NatWest Markets' chief executive Martin Owen. Days after the loss of Jim O'Donnell, head of the US securities division, there opens up a still larger chasm created by the departure of Philip Augar, head of both equities and capital market activities for the group.

Augar, who is bound for Schroders, is ever so discrete as to his motives. However, nothing will hide the fact that NatWest has lost senior management expertise with which it can ill afford to part.

Augar himself earns high marks for building up the equities presence, but NatWest's investment banking colossus remains a less then happy shop.

Clearly a catch for Schroders, on the other hand, the new group managing director in charge of equities has the chance to make his mark in a rather more nimble organisation.

He has an independence of spirit that would appeal to Schroders – and one that he demonstrated dramatically once before when quitting the City for a two-year stint in academia in the late 1980s because "everything got a bit frothy".

His arrival also appears to make it less, rather than more, likely that Schroders will go shopping for a Cazenove or a Smith New Court. An analytical, research-oriented type, Schroders seems to recognise Augar would be infinitely more suited to growing, rather than bolting on, extra businesses.

Grace and favour

■ It has been a lively fortnight at W R Grace, the big US speciality chemicals company. On March 2 came the sudden and unexplained resignation of the group's highly regarded chief executive, J.P. Bolduc, after only two years in the job. This raised hackles at one or two of the company's big institutional shareholders, especially when details emerged about some contentious payments to the chairman, Peter Grace, and his son.

By Grace's own admission, it is looking into more than $1m of payments last year to Peter Grace 3rd, the chairman's son.

The money – since repaid – seems to have gone on an abortive buyout of the company's hotel services division, which young Peter ran.

Then there are the payments allegedly made by the company for the chairman's Manhattan apartment, his nurse and his chef, which seem not to have been reported to the SEC.

The institutions, led by the College Retirement Equities Fund (CREF), are proposing a simple but devastating counterblow: the barring of directors over the age of 70. This would take out not only the chairman, who is 81, but 13 of his elderly cronies, thus reducing the board from 22 to 8.

Meanwhile, the board is looking for a new chief executive, either from inside or outside the company. It would be tactful to choose a younger candidate: Bolduc, after all, was a mere stripling of 55.

Ducking stoolies

■ Police in the east Caribbean island of St Vincent are creating a psychic fraud unit.

The squad's task will be to combat complaints about the number of quacks among the island's fortune tellers, voodoo priests and witch doctors. Psychic services are in heavy demand on St Vincent, with non-islanders recently arriving to get some of the business. The boys in blue have made several arrests.

Can't wait for the trial: "It is alleged that your biting the heads of chickens has no effect.

How do you plead – guilty, not guilty, or just temporarily indisposed?"

The Financial Times

100 years ago

Prussian trade
Berlin: The "Reichanzeiger" today publishes a report of the proceedings of the Council of State on Tuesday and yesterday, when measures for raising the price of agricultural produce were discussed. It states that the Council approved the proposals of the reporter on the sugar question for raising the price of that commodity. The reporter said that the depressed condition of the sugar industry, in consequence of over-production, could not be dealt with by any international arrangements, and in Germany the sole remedy lay in an increase of the bounties on sugar exports.

50 years ago

Move to raise profit tax
The idea that something should be done to increase taxes on profits resulting from the growing so-called speculative transactions in farmland, urban real estate and securities is gaining ground at Washington. Officials appear to favour lengthening the present holding period for the capital gains tax from the existing figure of six months to eighteen months.

FINANCIAL TIMES
Wednesday March 15 1995

Clinton move to heal rift with Britain over Ulster

By John Kampfner in London and Robert Peston in Gaza

President Bill Clinton yesterday moved to defuse the row with Mr John Major, the UK prime minister, over the White House invitation to Mr Gerry Adams, the Sinn Féin leader.

Mr Major received a faxed letter from Mr Clinton on the subject of the contentious meeting which a senior UK government official described as "constructive".

It is understood that Mr Clinton has indicated he will put pressure on Mr Adams to take practical steps toward securing the de-commissioning of arms by the Provisional IRA, as requested by the British government as part of the Ulster peace process.

News of Mr Clinton's fax came after Mr Major had let it be known yesterday he had not been able to take a telephone call from the US president, in an apparent demonstration of displeasure over White House policy towards Northern Ireland.

British and US officials sought to put a diplomatic gloss on the incident, arguing that the inability to arrange contact during Mr Major's Middle East visit was just a technical difficulty.

Mr Clinton tried to reach Mr Major on Monday evening to discuss their differences over the White House invitation to Mr Adams, who is president of Sinn Féin, the political wing of the IRA.

"It's not unusual for delays in fixing up phone calls between world leaders. Secure telecommunications have to be found, schedules have to be settled," a Downing Street spokesman said.

However, Mr Major is travelling with his own telecommunications consultants, who described Israeli land lines as "good and secure". It also emerged that US officials had first tried to arrange a call on Saturday – the day after Mr Clinton received a letter from Mr Major – but were told "it would not be convenient" until Mr Major's return today. That message was conveyed 24 hours before Mr Major left London.

Speaking after talks with Mr Yassir Arafat, PLO chairman and president of the fledgling Palestine state, Mr Major said: "If he [Mr Clinton] wishes to speak to me, we will speak. If he has been pursuing me, I am sure he will find me soon."

Mr Arafat, throwing his weight behind Mr Major's attempts to reach a political settlement for Northern Ireland, said: "I am encouraging all the parties everywhere, not only here, not only in Ireland, but everywhere, to firm up the peace process."

Mr Major is the first senior western leader to visit Gaza since it was granted limited autonomy by Israel last year.

In Washington, officials made light of the communications problem. "The president was trying to reach [Mr Major] and the prime minister was travelling... they didn't connect," Mr Mike McCurry, White House spokesman.

Meanwhile in London, MPs welcomed the announcement that a 400-strong army regiment is to be withdrawn from Northern Ireland, the first significant cut in troop numbers since the ceasefire began last August.

Business battalion, Page 8

Rise in UK spending planned by three big carmakers

By John Griffiths and Kevin Done in London

Three of the world's biggest carmakers, Toyota, Honda and Ford, are planning significant new models and production increases in the UK with the Japanese producers set to raise their capital spending in the UK by around £400m ($656m).

Britain is set to be the fastest growing mainstream car production country in western Europe during the second half of the 1990s, with output forecast to rise by nearly 50 per cent from 1.47m cars last year to 2.2m in 2000.

Honda is to invest a further £200m in expanding the range of cars it produces at its plant at Swindon, Wiltshire, bringing total spending on its UK manufacturing operations to £900m by the end of the decade.

Toyota, the leading Japanese vehicle maker, is to announce tomorrow that it will go ahead with the second stage of its investment in the UK, which will double the production capacity at its car assembly plant at Burnaston, near Derby, to 200,000 cars a year. Toyota will also double capacity at its engine plant at Deeside, north Wales.

Ford, the US carmaker, is to announce today that it has selected its UK plant at Dagenham, Essex, as the location for the production of up to 25,000 cars a year for Mazda, the Japanese vehicle producer.

Toyota is planning to add production at its UK plant of a second range of cars, the Corolla small family car, to output of the larger Carina which began at the end of 1992. Production at the UK plant, Toyota's first car assembly facility in Europe totalled 85,000 cars in 1994 and is expected to rise to around 90,000 this year.

Toyota will invest around £200m in addition to expenditure already announced, which will raise its total spending on its UK car and engine plants to more than £1bn.

Honda is studying which additional models might be developed for Swindon's assembly lines towards the end of the 1990s, according to Mr Ken Keir, general manager of Honda UK's car division.

Honda is launching the Swindon-built Civic hatchback in the UK next week. It is being built alongside the larger Accord model, which has been in production since late 1992.

Additional models could take Honda's production at the Swindon site higher even than the annual 150,000 units in 1998, which the company announced as a revised target for the UK operations last year. Mr Keir said that the additional investment was aimed primarily at increasing the plant's product range, not at specific additional capacity investment above the 150,000 level.

SAS opts for Boeing 737s in $1.2bn deal to renew fleet

By Christopher Brown-Humes in Stockholm

Scandinavian Airlines System yesterday announced an order for up to 70 Boeing medium-range aircraft to renew its fleet.

The order is a setback for McDonnell Douglas, SAS's preferred supplier in the past.

SAS has a firm order for 35 Boeing 737-600 aircraft worth SKr8.5bn ($1.22bn) and options for 35 more over the next decade.

The order makes SAS the launch customer for the 737-600, the latest 100-seater version of the world's best-selling jet.

The order comes 18 months after plans for a merger with three other European airlines collapsed, and after SAS reported its first full-year profit for five years in 1994.

The company has begun shedding financial and leisure ventures to concentrate on the airline business.

The first aircraft are due to be delivered over three years between the second half of 1998 and 2001. They will replace ageing aircraft, including 19 Fokker F28s and 25 McDonnell Douglas DC-9s, which will be phased out between 1998 and 2002 to meet international noise requirements. The options can be placed from 1999 onwards for delivery through to 2005.

SAS opted for Boeing after considering rival bids from the Airbus consortium, British Aerospace, Fokker and McDonnell Douglas.

The choice surprised industry observers because McDonnell Douglas had previously supplied the bulk of SAS's medium-haul fleet.

Mr Jan Stenberg, SAS chief executive, said the Boeing aircraft was "modern, cost-effective and has very good environmental qualities". It can carry 95 passengers in a standard two-class configuration and will be used on SAS's European, intra-Scandinavian and domestic network. It will be fitted with CFM-56 engines made by General Electric of the US and Snecma of France.

SAS, half-owned by the Swedish, Danish and Norwegian governments, has pursued a stand-alone strategy since plans to merge with KLM Royal Dutch Airlines, Austrian Airlines and Swissair collapsed in late 1993.

It plans to buy around 10 175-180 seat aircraft, also for European routes, in the next stage of its fleet renewal programme.

● Japan Airlines yesterday placed orders for four Boeing 737-400 aircraft valued at $180m for delivery in May.

Spain to resume fishing off Canada

Continued from Page 1

only resume once the trawler, its crew and catch had been released unconditionally.

Sir Leon refused to be drawn on what steps the EU might take but said Brussels would "take whatever action is in its interests to protect itself".

At a joint press conference, Sir Leon and Mrs Bonino dismissed suggestions the crew's activities were illegal. "It is important that we are not diverted from the principle that the Canadian authorities have taken the law into their own hands and acted illegally," Sir Leon said.

Mrs Bonino rejected Canada's assertion that 79 per cent of the trawler's catch was "juvenile" fish and therefore illegal. "They omitted to say that there are no limits on the size of fish set by the North-West Atlantic Fisheries Organisation," she said.

Mr Luis Atienza, Spain's agriculture and fisheries minister, said in Toulouse that Spain would not force the EU "to take strong measures hastily". He said there could be no negotiations with Canada until the Estai was released unconditionally.

Meanwhile, the captain of the seized trawler appeared before a Newfoundland court yesterday. The case was deferred for a month pending disclosure of documentation by the Canadian government. The captain will be free to return to Spain, but his vessel will remain impounded in St John's harbour while negotiations continue between the EU and Canada.

"We'll see if the diplomats can agree before the lawyers return to the case," said a lawyer representing the trawler's owners.

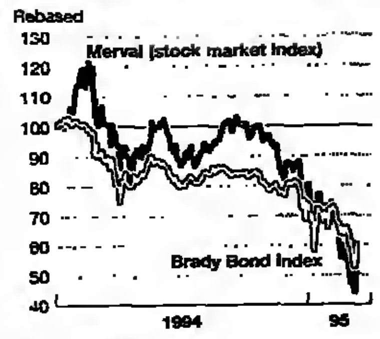
THE LEX COLUMN

Don't cry for Argentina

Argentina's prompt action to stem the growing financial crisis appears to be paying off. When Mexico ran into difficulty last year, its failure to tackle problems speedily contributed to the collapse of confidence. Argentina, hit by the knock-on effect from Mexico, has not made the same mistakes. Unlike Mexico or Brazil, Argentina has managed to avoid devaluation. This week's financing package has restored confidence in the peso's convertibility and calmed fears of a liquidity crisis. The diversity of funding sources, ranging from Argentine companies and the fiscal surplus to multilateral agencies and foreign commercial banks, creates an impression of a country pulling together rather than falling apart.

FT-SE Eurotrack 200: 1334.3 (+12.6)

Argentina



Source: Datastream

Argentina's relative success story is likely to lead to a greater differentiation between Latin American countries by foreign investors in the future. So far, the region has tended to be viewed as a block. Now, though, the fundamental differences between Latin American economies have been highlighted. Argentina's more comfortable position is not only the result of better economic planning but also of other factors such as a broader spread of trading partners, and less inequality of income distribution. This does not mean that foreign investment will flood into Argentina: Brazil's huge growth potential, for example, may attract more capital, despite the country's severe economic and political difficulties. But the haemorrhaging of funds from Argentina is likely to stop.

UK economy

British consumers are, if anything, becoming more depressed. That is the message of yesterday's gloomy Confederation of British Industry distributive trades survey. Their dejection is not terribly surprising. Last year's strong economic growth was swallowed up by corporate profits and taxes, leaving little extra cash in consumers' pockets. Another quick rise in base rates will be off the agenda if the CBI's conclusions are confirmed by today's official retail sales data.

But the slowdown in consumer spending is probably only temporary. By the end of the year, personal disposable income should be rising quickly even if economic growth moderates. Tax increases will be working their way out of the system, and consumers could even be enjoying pre-election tax cuts. As the recovery matures, employees' bargaining position should also improve – leading to some uptick in wages and salaries. If that is so, more base rate rises, though not immediate, will be in the pipeline.

Such a scenario – implying a fairly shallow but extended economic upswing – should be good for financial markets. Gilts would welcome the mild inflationary prospects. Equities should respond too. Nevertheless, gilts look the safer bet. Though the ratio between gilt and dividend yields is lower than the historical average, the risks for shares are higher. If consumers do not recover from their gloom, corporate earnings could be depressed and equities held back. That would not, though, stop gilts moving higher.

Kingfisher

Kingfisher's results for 1994 did not contain the expected £50m-plus of provisions for reorganising Woolworths and Comet, but that is no cause for relief. Such provisions would have meant extensive store closures and refurbishment – exactly the sort of radical surgery required. Both subsidiaries are in a bind, besieged by intensifying competition and without a compelling retail proposition.

Slimming down Woolworths may have helped restore focus to the shopping chain more effectively than the planned segmentation of the stores. But Sir Geoffrey Mulcahy and his management team have reached the contentious conclusion that its problems, and those of Comet, are operational rather than strategic. This means a softly-softly approach to restructuring which is likely to test investors' patience. At the very least, Sir Geoffrey has created a number of hostages to fortune. Disquiet about the company is likely to revive if he is not able to demonstrate evidence of profits recovery at Woolworths and Comet, sooner rather than later.

Sir Geoffrey's turnaround efforts will be helped by the fact that Superdrug, B&Q and especially Darty are all performing well. Good husbandry and new computer systems should lead to a substantial recovery in Woolworths' profits, which at £51m are paltry in relation to sales of £1.32bn. The shares enjoy a generous premium rating in the expectation that Sir Geoffrey will pull off the turnaround, but the share price will suffer severely if there are any mishaps along the way.

Williams Holdings

The transformation of Williams Holdings from sprawling takeover vehicle to focused global industrial group is now complete. But some of its excitement may also have vanished. It carried a premium rating last year, as investors reacted positively to a more neatly defined, efficiently managed business. But the pace of acquisitions looks set to slow, and this will feed through into earnings.

Williams provided further disappointment with the announcement of stagnant sales growth in the second half of last year, compared with the rapid acceleration announced last week by fellow conglomerate, BTR. However, Williams was hit by a weak do-it-yourself market in the UK and its exposure to a comparatively depressed California. The US businesses are already beginning to pick up. In addition, reorganisation costs are set to fall at a time when last year's £212m of acquisitions are feeding through into improved profit margins.

Williams' balance sheet has benefited from stronger cash flow, and gearing could fall to zero by the end of 1995 – barring acquisitions. It could fund more than £400m of acquisitions without exceeding its suggested 100 per cent gearing limit. However, now Williams has restricted itself to investing in just three core businesses, it will be hard to find acquisitions that cost anything like £400m this year. The stock's return to an average prospective price-earnings ratio appears justified by this less dynamic outlook. But the attractive dividend yield should limit any further downside.

See additional comment on UK mortgages, Page 21

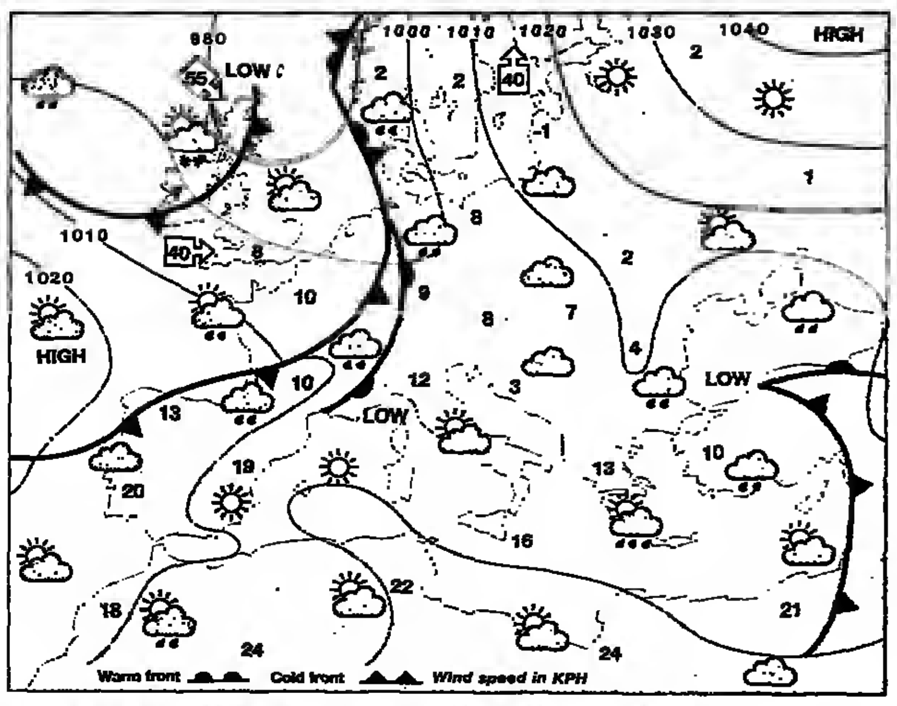
FT WEATHER GUIDE

Europe today

A cold front will flow across the British Isles. Rain and flurries of snow will be confined to northern and western areas. England will have sunny spells, with seasonably mild conditions. Rain is forecast for Germany, Switzerland, south-east France, and northern Spain. Southern Scandinavia will have light snow. Southern Portugal, southern Spain, and Italy will be sunny. Sun and cloud and dry conditions are forecast for eastern Europe. Cloud and rain will form in south-eastern Europe. Heavy rain is forecast for western Turkey and in Bulgaria.

Five-day forecast

Conditions will remain unsettled in the British Isles and in western Europe, with rain or showers throughout the week. Rain will also spread into eastern Europe. South-eastern Europe will stay cloudy and rainy, but conditions will begin to clear in the Balkans as from Thursday. The central and western Mediterranean will be cloudy.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	24
Accra	fair	32
Algiers	sun	18
Amsterdam	shower	8
Athens	shower	13
Atlanta	fair	22
B. Aires	fair	26
B.ham	fair	8
Bangkok	sun	35
Barcelona	fair	18
Beijing	fair	13
Belfast	hail	6
Belgrade	cloudy	5
Berlin	cloudy	8
Bermuda	shower	18
Bogota	fair	20
Bombay	fair	32
Brussels	fair	8
Budapest	fair	6
C.hagen	shower	4
Cairo	fair	24
Cape Town	sun	30
Caracas	fair	30
Cardiff	fair	8
Casablanca	shower	18
Chicago	fair	19
Cologne	fair	8
Dakar	fair	24
Dallas	rain	17
Delhi	fair	27
Dubai	fair	24
Dublin	fair	7
Dubrovnik	shower	10
Edinburgh	shower	7
Faro	sun	19
Frankfurt	rain	8
Geneva	rain	9
Gibraltar	sun	18
Glasgow	hail	6
Hamburg	rain	4
Helsinki	cloudy	-3
Hong Kong	fair	22
Honolulu	fair	28
Istanbul	rain	8
Jakarta	shower	31
Jersey	fair	10
Karachi	fair	32
Kuwait	sun	27
L. Angeles	fair	22
Las Palmas	sun	21
Lima	cloudy	26
Lisbon	fair	18
London	fair	9
Lux.bourg	fair	8
Lyon	rain	10
Madeira	fair	18
Madrid	fair	18
Majorca	sun	17
Malta	fair	16
Manchester	shower	7
Manila	fair	32
Melbourne	fair	20
Mexico City	fair	21
Miami	shower	24
Milan	fair	13
Montreal	fair	11
Moscow	sun	3
Munich	rain	9
Nairobi	thund	29
Naples	sun	13
Nassau	shower	25
New York	cloudy	12
Nice	fair	14
Nicosia	fair	20
Oslo	snow	1
Paris	cloudy	10
Perth	sun	32
Prague	fair	8
Rangoon	sun	35
Reykjavik	fair	-3
Rio	thund	28
Rome	sun	14
S. Frsco	shower	17
Seoul	sun	15
Singapore	fair	33
Stockholm	cloudy	2
Strasbourg	rain	8
Sydney	fair	26
Tangier	fair	19
Tel Aviv	fair	23
Tokyo	fair	14
Toronto	fair	17
Vancouver	rain	11
Venice	fair	10
Vienna	fair	8
Warsaw	cloudy	4
Washington	fair	19
Wellington	fair	18
Winnipeg	sun	9
Zurich	rain	7

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday March 15 1995

IN BRIEF

BASF and Bayer to increase dividends

BASF and Bayer, two of Germany's leading chemicals groups announced plans to pay higher dividends in response to a sharp rise in profits.

BASF said it planned to increase its dividend for 1994 to DM10 a share from DM8, while Bayer said it planned to lift its dividend to DM13 from DM11. Hoechst last week said it would raise its dividend by DM3 to DM10. Page 16

Deutsche Telekom edges into Indonesia
Deutsche Telekom, the state-owned German operator, may be close to beating international rivals for a 25 per cent stake an Indonesian telecoms company. Page 20

Skandia in the red for year
Skandia, the Swedish insurer, slumped heavily into the red in 1994, with falling bond prices and currency changes more than offsetting better underlying insurance figures. Page 16

SGS profits ahead to record SFr207.4m
Société Générale de Surveillance, the international inspection, testing and insurance adjusting group, has reported a 5.8 per cent rise in 1994 net income to a record SFr207.4m ($177.26m).
Page 16

Questions over Air France's flight path
Mr Christian Blanc took controls at Air France, the French flag carrier, after a disastrous strike in autumn 1993 and was charged with reversing losses of more than FFr8bn ($1.6bn) that year. "It was a miracle that the airline still existed at the end of 1993," he said. Now, one year into a rescue plan, some question whether he is going far enough or fast enough. Page 17

French TV chief rises above the headlines
Mr Pierre Lescure, chairman of Canal Plus, the French pay television company, is upbeat despite a halving of net profit to FFr626m ($125m). The reaction in the press and on the stock market was overdone, he says. "I am a former journalist. I could have written such headlines." Page 20

Riva to pay L2,500bn for Ilva
Riva, the family-owned Italian steel producer, will pay L2,500bn to IRI, the Italian state holding company, for Ilva Laminati Piani, the flat steel producer. IRI's board formally agreed yesterday to accept the Riva offer, which is subject to EU approval.

The sale will virtually end the Italian state's long involvement in the steel industry, and make the family company the biggest steelmaker in Europe in terms of crude steel production, after Usinor Sacilor of France.

Saatchi & Saatchi passes payout
Saatchi & Saatchi, the embattled UK advertising group, is to pass its dividend again. The company had been planning its first payout after a four-year gap before its latest trouble began.
Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Deutsche Babck	169.5	+	4.5
Karstadt	578.8	+	8.8
Rosenthal	210	+	7
Falls			
Bilfinger & Brg	678	-	17
Hochtief	765	-	15
Varta	290	-	5
NEW YORK ($)			
Rises			
Banco Frances	16¾	+	2⅝
IP Timberland	28	+	3⅛
Labe Chile	17½	+	2⅛
Madeco	22⅝	+	3⅜
Maderas & sin	19	+	3⅛
Falls			
Sports & Rec	11⅝	-	7⅛
LONDON (Pence)			
Rises			
Banner Homes	79	+	5
Medeva	196	+	15
Metrotest Inds	35	+	4
Northern Elect	789	+	51
Yorks TyneT TV	393	+	27
Falls			
SEET	58	-	5
TORONTO (C$)			
Rises			
Asbestos Corp	8¼	+	¼
Cinram	18¾	+	1
Glentel	6¼	+	⅜
Irwin Toy	7¼	+	¾
Falls			
Tee-Comm Elec	6⅞	-	⅞
Vitran A	8¼	-	1
PARIS (FFr)			
Rises			
Alcatel Alsthom	410.9	+	23.4
CCF	204.5	+	9.2
Elf Sanofi	251.5	+	11.3
UAP	120	+	7.1
Falls			
Immobanque	771	-	64
Selimeg	294.5	-	25.5
TOKYO (Yen)			
Rises			
Nintendo	5390	+	130
Nippon Sanso	420	+	19
Falls			
Aoki Corp	491	-	32
Fudo Constn	940	-	90
Ihara Chem	681	-	34
Yamaichi Secs	568	-	37
HONG KONG (HK$)			
Rises			
China Assets	3.95	+	0.125
Playmates Toys	2.25	+	0.125
Shanghai Gwth	4.85	+	0.15
Falls			
Lucky Man Prop	2.5	-	10.71
Thai-Asia	7.4	-	0.8
Windsor Ind	9.0	-	0.25
BANGKOK (Baht)			
Rises			
Interlife Ins	77	+	7
Falls			
Bangkok Union	58.5	-	6.5
Praslt	26.5	-	6.5
Siam Cement	278	-	42
Thaikase Ent	31.25	-	6.75
Unithai Oxide	100	-	11

New York and Toronto prices at 12.30.

Banco di Napoli to receive state aid

Shares fall 8% as bank writes off L1,000bn of bad loans to 'start again from scratch'

By Andrew Hill in Milan

The Italian treasury is to transfer assets to Banco di Napoli, one of Italy's oldest and largest banks, to help tha bank cover record lossas of L995bn ($589m) for 1994.

Announcing the results yesterday, Banco di Napoli's management blamed the loss on the continuing economic crisis in the southern half of Italy, where 600 of the bank's 800 branches are located, and on difficult financial markets.

Similar reasons were given in September when Banco di Napoli announced a L169bn loss for the first half. But the full-year deficit was much greater than analysts and tha market expected, because the bank wrote off nearly L1,000bn of bad loans. Mr Luigi Coccioli, the bank's chairman, said yesterday that the bank had wanted "to polish up everything we could and start again from scratch".

The bank's shares – only a minority of which are owned by small shareholders – fell by 8.2 per cent on the news. Banco di Napoli has summoned regional managers from its Italian and foreign operations to a meeting today at its Naples headquarters, to explain the results. In 1993, Banco di Napoli reported a net profit of L178bn.

The problems at Banco di Napoli are a reminder of the gulf between the strengthening economy of northern Italy and the underdeveloped south.

Many of the Naples bank's stronger northern counterparts are engaged in a rapid process of liberalisation, including takeovers and acquisitions while Banco di Napoli has been hampered by the legacy of overtly political management.

Since the autumn, it has also come under increasing pressure to clean up its accounts.

In January, the bank's joint managing directors stepped down after the controlling foundation, which owns just over 70 per cent of the bank, called for firm measures to overcome rifts within Banco di Napoli's top management.

The Italian treasury, which owns about 13 per cent of Banco di Napoli, is likely to transfer to the bank shares in a number of financial institutions, including Insud, which finances tourist developments in southern Italy, and Isveimer, a medium-term credit institution for the south.

Mr Coccioli said yesterday that the bank would be allowed to sell on the shares if necessary. Shareholders will be asked to approve the asset transfer plans, which will lead to an increase in the Treasury'a stake, at the annual meeting on April 29.

● Trading in the shares of another Italian bank – Banca Popolare di Milano (BPM) – was suspended yesterday after a Milan financial newspaper reported that BPM was set to announce a full-year loss of L390bn. A meeting of the bank's directors was still in progress last night.

BPM reported losses of L352bn in the first half, blamed on past management errors, which exposed the bank to heavily indebted Italian companies.

Pepper to succeed Artzt as P&G chief

By Richard Tomkins in New York

Procter & Gamble, the US consumer products manufacturer, yesterday announced that Mr Edwin Artzt, chairman and chief executive for the last five years, would retire on July 1 after 41 years with the company.

Settling a longstanding question about his successor P&G announced that Mr John Pepper, 56-year-old head of the group's international business, would become the new chairman and chief executive.

However, it offered a consolation prize to Mr Pepper's main rival for the job – Mr Durk Jager, 51-year-old head of the group's US business – by naming him president and giving him the newly-created role of chief operating officer.

In this position, Mr Jager will report to Mr Pepper, but he will taka direct control of the day-to-day running of the company and will be seen as the most likely successor to the top job when Mr Pepper retires.

P&G said the new job was being created because the demands of the chief executive's job had become more complex. It also announced a reorganisation of its divisional structure to reflect its overseas expansion.

Instead of having two divisions, one for the US and one for international business, it will have four: one for North America, one for Europe, the Middle East and Africa, a third for Asia, and a fourth for Latin America.

Mr Artzt, who is 65 next month, had been widely expected to retire this year. Yesterday he said he had told the board in June 1993 that he would leave when he was 65, and he said the succession had been determined as long ago as June last year.

His predecessor, Mr John Smale, went on to become chairman of General Motors, the US car manufacturer, but Mr Artzt would not say if he was considering another career. "I don't want to rule anything out at this point," he said.

P&G has seen some big changes under Mr Artzt. In the early 1990s it started cutting prices to compete with cheaper products, and in 1993 it reinforced this policy with job cuts and plant closures.

This year Mr Artzt also had the satisfaction of seeing his company triumph over its arch-rival Unilever, the Anglo-Dutch consumer products group, in a European soap war.
Observer, Page 13

Generali leads $908m bid for 48% stake in Creditanstalt

By Eric Frey in Vienna

The long delayed privatisation of the Austrian bank Creditanstalt was put on the fast track yesterday when a consortium led by Generali, the Italian insurer, made an offer worth about Sch9bn ($908m) for 48 per cent of voting shares.

The consortium, which includes the Austrian Erste Oesterreichische Sparkasse Bank, Commerzbank of Germany, Banca Commerciale Italiano and several Austrian industrial companies, said it would also bid for the state's remaining 22 per cent of voting shares but sell them off quickly through a private placement.

The state's 70 per cent of voting shares represents 49 per cent of total share capital.

The offer price is based on Creditanstalt's closing price yesterday of Sch631, but the offer could vary depending upon share market movements.

Finance ministry officials said yesterday they want to make the decision on the bid soon and finalise it with a parliamentary vote in early April.

The chances for the consortium's success have risen sharply since Credit Suisse withdrew its bid last autumn in the face of political opposition to a foreign takeover of Austria's second-largest bank.

A previous prospective bidder, Allianz, the German insurer, never made a formal offer and seems to have lost interest.

Due to a lack of alternatives, Mr Ferdinand Lacina, finance minister appears to have dropped his opposition to the consortium's offer. Mr Lacina, a social democrat, had favoured the Credit Suisse bid. But the Austrian Peoples' Party, the conservativa coalition partner, resisted Credit Suisse from the start.

In the 1995 budget that Mr Lacina presented to parliament last week, the receipts from the privatisation of Creditanstalt, the slightly larger Bank Austria and the utility Illwerke were estimated at Sch13bn.

Erste Oesterreichische Sparkasse Bank said yesterday it would contribute Sch2bn, or 6 per cent, to the consortium's bid. The stakes of the other members are not yet known.

Delta winds up to £65m

Tony Andrews

Robert Easton, chief executive of Delta, the UK cable maker, pushed aside subdued demand in its home market to report a rise in pre-tax profits from £53.4m to £65.1m ($107m). Page 21

BP sells Antwerp chemical unit

By Tim Burt and Motoko Rich in London

Inspec, the UK speciality chemicals manufacturer which came to the market last year, plans to double in size with the acquisition of BP Antwerp, one of British Petroleum's largest chemicals manufacturing sites.

The move, after 10 months of talks, signals the completion of a four-year disposal programme by BP Chemicals, raising more than £400m for the oil and gas group. "The strategy is now to focus on our core hydrocarbons business, which remains robust," said a chemicals division spokesman.

BP has agreed to sell the 425-acre Antwerp site to Inspec for £80.4m, after the manufacturer out-bid three rivals and a management buy-out team.

Inspec predicted the deal would more than double its profits this year and push earnings per share up by 50 per cent.

Inspec will inherit three activities: ENB, used in synthetic rubber production; ethylene oxide and glycol, commodity chemicals; and third-party services to provide manufacturing and service capability to international chemical companies looking for European sites.

BP Antwerp reported operating profits last year of £4.95m on sales of £67.6m.

"This moves us into the top sector of the UK chemicals industry at a time when selling prices are rising fast," said Mr John Hollowood, chairman.

Inspec is funding the deal by raising £52.3m from a four-for-11 rights issue at 175p, with the remainder drawn from bank borrowings. Its shares, which floated at 160p last March, rose 16p yesterday to 225p after the group predicted first-time contributions from BP Antwerp would lift first-half pre-tax profits this year from £6.91m to £12.2m, while earnings per share were likely to rise from 5.3p to 7.8p.

Profits last year more than doubled from £5.62m to £13.3m on sales 51 per cent ahead at £74.1m. The rise was partly fuelled by increased profits in North America, where the group last year acquired Imi-Tech, which makes polyimide foam – used in heat insulation.

BP Chemicals benefits from surgery, Page 16

Barry Riley

Pension funds have fat from the good years

A turning-point in UK pension funds' love affair with equities appears to have been reached in 1994, but the retreat is being conducted with suitably glacial slowness.

Final figures from WM, which runs one of the two big performance measurement services, show a fall of about 3 per cent in the exposure to equities, at 81 per cent (excluding property). The rival Caps service provisionally reports a corresponding 2 per cent downwards shift to 82 per cent. Both UK and overseas equities showed declines.

Meanwhile fixed interest portfolios gained about 1 per cent in their proportion of the asset mix, to 10 per cent. Gilt holdings were raised, but the Caps funds also increased their exposure to overseas bonds, while the reverse was true of the WM funds universe.

This reflects slight differences in the samples. The WM universe is bigger, representing 80 per cent of UK pension fund assets, and is strongly influenced by giant funds, including those managed by in-house teams. The Caps funds tend to be smaller, and to reflect the strategies of the performance-hungry external managers. The biggest difference is in property investments, at 6 per cent for the WM funds but only 2 per cent for Caps.

Bond exposures in aggregate, however, appear to be similar across the two groups: including index-linked gilts the exposure is now 14 per cent of non-property assets. The increase in exposure in 1994 was more significant than it might appear, because bonds underperformed slightly and, but for new money allocations, would have suffered an erosion of their weighting.

The main problem for portfolio managers last year was overseas equities. Pension funds started 1994 seriously underweight in Japan and overweight in the rest of Asia. They could not correct this, especially as most of the positive action in Japan happened in the first quarter.

As a result the overseas portfolios underperformed the FT-Actuaries World ex-UK return by as much as 4½ to 5 per cent, with the more aggressive Caps funds doing worse. You could argue, however, that this was a modest price to pay for the 15 per cent excess performance of 1993 when the big bets paid off. At home, few bets were made and UK equity portfolios almost precisely matched the return on the All-Share Index.

> An unusual feature of 1994 was that property was by far the best-performing asset class with a 12-13% return

An unusual feature of 1994 was that property was by far the best-performing asset class, with a 12 or 13 per cent return. This favoured the giant funds which own a lot of property, and explains why the WM funds produced a 1994 return 1 per cent better than the Caps funds.

Property is therefore fulfilling the objective of adding diversification. Its longer-term performance remains very poor, however, with a rate of return 6 per cent a year less than on UK equities over five years.

All these ups and (mostly) downs contributed to an average negative return of 3.9 per cent in 1994 for the WM universe. The star manager of 1994 was PDFM, which picked stocks with spectacular success and confirmed its reputation as the best bear market manager. Its house median is claimed at minus 0.5 per cent, outperforming the Caps median by more than 4 per cent.

For the industry this was the second year of negative returns in five years. Yet there have been good years too, and the overall performance in the 1990s so far has been perfectly satisfactory, with an average annual rate return of 9 per cent.

There has certainly been no 1980s-style performance bonanza, but with inflation slowing to an average 4.2 per cent, and earnings growth to 5.7 per cent, dipping under 4 per cent more recently, actuarial requirements are being achieved.

In fact the current dividend bonanza in the UK – payouts on the All-Share constituents have risen by almost 10 per cent over the past year – will enhance conventional income-based actuarial valuations. Scheme surpluses could widen out again.

However, with a market value-based Minimum Solvency Standard coming, albeit possibly diluted to a Minimum Funding Requirement, and equity markets performing sluggishly, other more cautious considerations will increasingly apply.

Solid advances at BASF and Bayer

By Conner Middelmann in Frankfurt

BASF and Bayer, two of Germany's leading chemicals gronps yesterday announced plans to pay higher dividends in response to a sharp rise in profits.

BASF said it planned to increase its dividend for 1994 to DM10 a share from DM8 per share, while Bayer said it planned to lift its dividend to DM13 from DM11 a shara. Hoechst last week said it would raise its dividend by DM3 to DM10 a share.

Ludwigshafen-based BASF reported a 49.7 per cent jump in 1994 net profits to DM1.28bn ($910m), based on a 7.7 per cent rise in worldwide sales to DM43.7bn. The group's pre-tax profit was up 99.5 per cent at DM2.1bn.

The company will give a more detailed breakdown later but it said the strong results for the full year confirm a continuation of the trends highlighted in the group's nine-month report in November.

Bayer also reported healthy results, showing a net profit of DM2.01bn, up 46.6 per cent on the previous year. Its pre-tax profit rose 39.9 per cent to DM3.29bn. Turnover grew by 5.9 per cent to DM43.4bn. Earnings per sbare increased to DM30 from DM22.50.

For the first time, Bayer's accounts hava been calculated under accounting methods that meet the requirements of the International Accounting Standards Committee in London as well as German accounting principles. This is to facilitate the comparison of company accounts internationally, a Bayer spokesman said.

Although the companies' dividend increases were in line with market expectations, analysts were generally encouraged by their strong results. Across the chemical sector, companies have been reaping the rewards of cost-cutting and restructuring during the recession as well as benefiting from the global aconomic recovery, in particular the surge in tba chemical industry in tbe second half of 1994.

"These are good numbers – the earnings per share turned out to be above expectations in both cases," said Mr Charles Brown, European cbemicals analyst at Goldman Sachs in London.

Analysts also noted that the recent strength of the D-Mark does not appear to be too great a threat to the German chemical sector. "Although the strengthening of the D-Mark has made things a bit tougher, I am not too nervous because the momentum behind these earnings is probably enough to accommodate some worsening of the axchange rate," Mr Brown said.

BP Chemicals benefits from surgery

Focusing on core activities prompts return to health, writes **Tim Burt**

British Petroleum announced yasterday that the operation was at an end, and the patient had survived.

After lengthy and complex surgery, BP Chemicals has survived a punishing disposal and cost-cutting programme, and emerged as one of the group's fittest divisions.

It completed its withdrawal from non-core activities by yesterday agreeing to sell BP Antwerp – one of its largest speciality chemicals sites – to Inspec, the fast-growing chemicals manufacturer, for £80.4m ($128m).

The restructuring has begun to pay off. Rising cbemical prices helped lift the division to a £252m profit last year – the highest since 1989.

The improvement is all the more pleasing given that the division reported losses of more than £90m over the past two years. This included befty restructuring costs, reflecting the burden of industry-wide overcapacity and severe price competition.

Unable to devote the time to turning round fringe operations, BP Chemicals set about a phased disposal programme which has raised more than £400m to date. The sale of Carborundum, which makes heat resistant materials, to the French glass manufacturer Saint-Gobain should take the total to about £470m.

There is, however, a suspicion among a number of City of London analysts that BP Chemicals undersold some assets as part of the drive to reduce group debts.

Their concerns centre on Inspec and Zotefoams, the companies which acquired BP's fine chemicals and speciality foam businesses respectively.

Inspec, which raised £49.5m from its flotation last year, paid £42.5m in 1992 for BP Cbemicals' plant at Hytha, near Southampton, where £13.7m had just been invested to improve efficiency. Since then, further investment and cost-cutting has fuelled a sharp increase in Inspec's profits, helping tbe company to become one of the most successful new issues of 1994.

Many of the disposals were made at the bottom of the market

Similarly, BP three years ago sold its south London speciality foams business to a management bny-out team for £19.5m – a little less than the group had spent re-equipping the plant in preceding years.

Zotefoams, as the business was renamed, last month floated at 145p and has seen its shares move skyward, amid reports of market dominance and a 62 per cent rise in annual pre-tax profits to £4.59m from £2.83m.

"These were good deals for the buyers and not BP," says Mr Philip Morrish at Smith New Court. "They proved to have rather good product stables as far as investors were concerned."

His view is echoed by Mr Jeremy Chantry at Kleinwort Benson, who believes the disposals were forced on BP by the "traumatic time it had during the last recession".

It is a view rejected by the multi-national. Tha group, which says it may yet sell the remaining parts of its advanced materials business, claims it extracted the best possible prices from its disposal programme.

"There is not a feeling that we undersold anything. Given the market conditions at the time, we got the right price," according to the company.

The problem was that many of the disposals were made at the bottom of the market.

"We were the beneficiaries of BP selling at the worst possible time," says Mr Bill Fairservice, managing director at Zotefoams. "They had little choice. They needed to raise £2bn from disposals and to sell anything that would fetch cash."

Inspec, which remains a BP supplier, is a little more coy. It believes it paid tbe right amount for the Hythe site. Mr John Hollowood, chairman, says the group's handsome profits growth reflect restructuring and contributions from new acquisitions, rather than simply the benefits of a bargain deal with BP.

It outbid three other companies to secure BP Antwerp, with an offer close to the target's 1994 sales of £87.6m and 16 times its £4.95m operating profits.

Mr Hollowood still thinks the £80.4m price tag looks good value. As part of the package, Inspec will be taking over a glycol operation which BP spent £50m upgrading in recent years, while the other parts of the business promise both high margins and formidable barriers to competitors. Together, the company predicts those factors will help it to double pre-tax profits this year.

"We're buying into tha site at a time when the industry is moving forward," Mr Hollowood adds.

In spite of Mr Hollowood's bullish forecast that BP Antwerp will lift earnings per share by almost 50 per cent in the first half of this year, BP is convinced it had little future as part of the oil and gas group.

"Where there is no competitive advantage, we withdraw," it says. "This was the case in Antwerp. We think we're selling in a buoyant market and that's reflected in the price."

Losses on bonds push Skandia into red for year

By Christopher Brown-Humes in Stockholm

Skandia, the Swedish insurer, slumped heavily into the red in 1994, witb falling bond prices and currency changes more than offsetting better underlying insurance figures.

The gronp said realised and unrealised losses on its bond portfolio were the main reason for the SKr1.71bn ($237m) management operating loss, a dramatic SKr5.7bn swing from profits of SKr4.07hn in 1993.

A better second-half performance enabled the company to recover from a SKr2.4bn loss after the first six months.

The company adjusts its investments to the lower of cost or market valne to comply with Swedisb regulatory guidelines. Its 1993 figures were inflated by hefty hond price increases.

Mr Björn Wolrath, cbief exectitive, said the group's underlying insurance performance had improved sharply, due to tighter cost control in non-life husiness and fast growtb in unit-linked life operations. This was reflected in an improved insurance profit of SKr1.71bn, compared with SKr1.08bn.

The figures reflected strong results from the group's Swedisb and Norwegian operations and from UK unit NIG Skandia. However, there were disappointing performances from Skandia's Danish unit and Skandia America Corp in the US.

Mr Wolrath caused turmoil in Sweden's financial markets last snmmer wben be announced a boycott of new Swedisb bond issues to encourage tougher measures to cut state debt. The ban has since been rescinded.

Skandia bas increased its emphasis on unit-linked life assurance, helping to boost total premiums by 20 per cent to SKr52.2bn, while redncing the extent of its reinsurance operations.

The dividend was held at SKr2 a share. The group's net asset valne at the end of the year was SKr15.8bn, unchanged from 1993.

SGS profits ahead 5.8% to record SFr207.4m

By Ian Rodger in Geneva

Société Générale de Surveillance, the international inspection, testing and insurance adjusting group, has reported a 5.8 per cent rise in 1994 net income to a record SFr207.4m ($177.26m).

The operating performance was considerably stronger, with trading profits 13.8 per cent ahead at SFr370.2m on revenues up only 1.2 per cent to SFr2.67bn.

Mrs Elisabeth Salina, chairman, said North American business, especially in the insurance sector, improved significantly and the group's restructuring efforts in Germany and other important markets had began to pay off.

"Wa are especially pleased because we have achieved this result in a difficult environment and in spite of the negative effect of the strong Swiss franc," Mrs Salina said.

The directors are proposing an 8.7 per cent rise in dividends to SFr50 per bearer share and SFr10 per registered share.

Mrs Salina said she expected greater benefits from restructuring and streamlining this year. "That should enable us to continue the profit improvement trend," sbe said, although she cautioned again abont exchange rate distortions.

SGS published operating profit breakdowns for the first time, showing that nearly two-thirds came from European countries.

Another 16 per cent came from the Asia/Pacific region where the group has important government contracts. North America accounted for 12 per cent.

Inspection and testing services provided 87 per cent of profits with services to the insurance industry 9 per cent.

Pre-tax profits grew only 4.6 per cent to SFr281.5m, mainly because of sharply lower revenues from investing the group's net liquid reserves. A SFr12.2m provision was made to cover the decline in market value of securities held.

Mrs Salina revealed Deutsche Bank had purchased some shares and joined the core group of shareholders that holds a 41.9 per cent voting stake.

Challenge to buy-back ruling

Société Générale de Surveillance is challenging an informal ruling by the Swiss federal finance ministry that would tax heavily share buy-backs, writes Ian Rodger.

Two years ago, SGS was one of the first Swiss companies to offer to buy back some of its shares for cancellation as a way of distributing excess liquidity.

It did so by issuing free options to all shareholders. The tax authorities ruled at tbe time that the options tbemselves wonld be tax free.

The company would be obliged to deduct the 35 per cent withholding tax on its distributions, but this could be reclaimed by tax exempt institutions and avoided by others by selling tbeir options.

"This is one of the best ways to improve shareholder value," Mrs Elisabeth Salina, the SGS chairman, said yesterday.

SGS contemplated launching another buy-back this year, but Mrs Salina said the federal tax authorities advised that thay would now tax both the options and the proceeds from the share sales.

She said this meant that the tax burden would be too high. "Wa have decided to appeal to clarify the issue. The case is important and evaryone is interested in sorting it out as quickly as possible," she said.

Sonae gives in over BPA bid

By Peter Wise in Lisbon

The Es308bn ($2.07bn) bid for Banco Português do Atlantico, Portugal's second largest bank, is virtually assured of success after a decision by the conglomerate Sonae, a leading BPA shareholder, to abandon efforts to resist the offer led by Banco Comercial Português.

Sonae, announcing it would sell its 7.27 per cent holding to BCP at the offer price of Es2,800 a share, alleged the government had broken a commitment to give control of partially-privatised BPA to existing shareholders and was clearly supporting the BCP bid.

The decision hy Sonae almost guarantees that BCP, the fifth largest bank, and Império, Portugal's largest insurance company, will receive sell offers from more than 50 per cent of BPA shareholders, the minimum required for their joint bid for 100 per cent to be successful.

BPA shares rose to Es2,770 at the close yesterday from Es2,685 on Monday. The price has increased from Es2,210 wben BCP and Império announced their bid on January 9. The deadline for accepting the offer is March 22. Sonae shares rose to Es1,936 yesterday from Es1,910 on Monday.

Sonae, a leading retail and industrial group, heads a group of Portuguese companies whicb together own 25.2 per cent of BPA. Sonae had been leading opposition by the core group to the bid but it said it had given up the fight, alleging the BCP offer had been favoured by the government.

The government rejected a BCP bid for 40 per cent of BPA last year, partly on the grounds of commitments to existing BPA shareholders. However, it has approved the current bid and agreed to sell the state's remaining 24.4 per cent holding in BPA in the offer.

Suitor of Maple Leaf plans wide restructuring

By Bernard Simon in Toronto

The group seeking control of Maple Leaf Foods plans to replace the Canadian food processor's chief executive and launch a wide review of its operations if its bid succeeds.

Hillsdown Holdings, the UK conglomerate which owns 56 per cent of Maple Leaf, tentatively agreed earlier this month to a cash-and-shares offer from the group, led by Mr Wallace McCain.

Hillsdown has been seeking a buyer for some time. It would therefore be surprising if another hidder emerged before the McCain group's offer closes on April 20.

Mr McCain was ousted last autumn as chief executive of McCain Foods, the international frozen foods group, after a long-running feud with his brother Harrison. He said yesterday that while Maple Leaf had made great strides in its five years under Hillsdown's control, "we believe there's more fruit on the tree".

An offering circular released yesterday said Maple Leaf would "limit its focus to fewer lines of business" under new ownership. Its flour-milling interests are expected to be early candidates for disposal. The new owners would also expand Maple Leaf's international business, which accounts for about a quarter of its C$3.2bn (US$2.3bn) annual sales.

Mr McCain said another former executive of McCain Foods, Mr Archie McLean, would take over as Maple Leaf's chief executive officer. The future of Mr Brent Ballantyne, Maple Leaf's current chief executive, is "under discussion", he said. Two of Mr McCain's sons, Michael and Scott, plan to join Maple Leaf in senior positions.

Mr McCain said he planned to remain vice-chairman and a one-third shareholder of McCain Foods, in spite of objections by Harrison and other members of the family.

● Repap, the North American pulp and coated paper producer, plans to raise US$650m for its New Brunswick subsidiary with three senior note issues, the first two with five-year terms and the final US$400m tranche with a 10-year term, writes Robert Gibbens in Montreal.

Air France's tough guy faces ultimate test of strength

Critics say the carrier's chairman needs to move faster and further with his rescue plan, writes John Ridding

As befits a product of the French south-west, the rugby-mad region north of the Pyrenees, Mr Christian Blanc can be a tough customer.

After protracted negotiations, the cigar-smoking chairman of Air France believes he is set to recoup all of the airline's FFr1bn ($200m) investment in Sabena, in spite of a fall in the value of its Belgian partner. He is now bracing himself for a test of strength with Boeing of the US and Airbus, the European consortium, having thrown down the gauntlet by announcing plans to cancel orders and options for airliners.

The big question, however, is whether he is being tough enough at Air France. On taking the controls at the French flag carrier after a disastrous strike in autumn 1993, Mr Blanc was charged with reversing losses of more than FFr8bn that year and rendering competitive one of France's most bureaucratic and inefficient businesses. As he puts it himself: "It was a miracle that the airline still existed at the end of 1993."

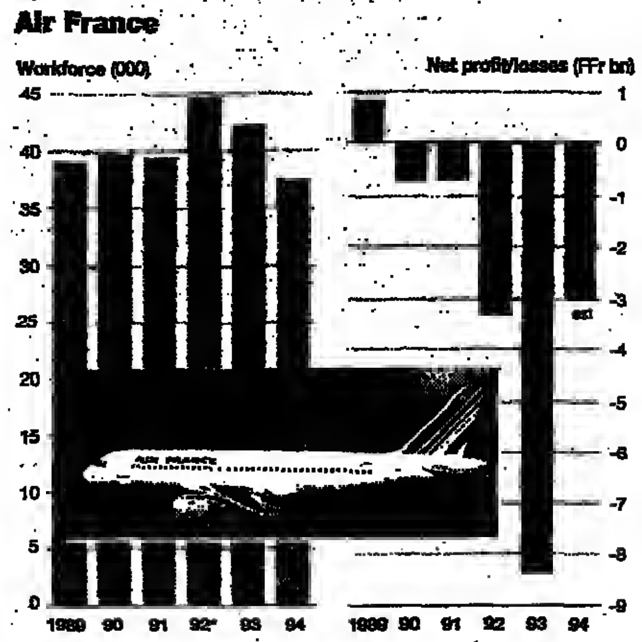
At the beginning of last year, after months of consultations with workers and unions, he launched his rescue plan. Its headline objectives are a 30 per cent increase in productivity by the end of 1997, a reduction of 5,000 in the workforce, and a restructuring of the company's fleet and management.

Just over one year into the plan, however, some question whether he is going far enough enough or fast enough. European skies are due to be fully liberalised in 1997, and Air France's rivals are not standing still. Lufthansa is back in the black, while British Airways is expected to report profits in excess of £450m ($720m) for the year to end-March. "The problem for Air France is that they are chasing a moving target," says one airline industry analyst.

Mr Blanc is sanguine in the face of such considerations. He says his rescue plan is on schedule and that between 25-30 per cent of the journey has been achieved. The company will achieve its objective of reducing losses to about FFr3.5bn for the 15 months to end-March, he says, adding that costs were cut 7 per cent last year while occupancy rates rose 14 per cent.

Mr Blanc, however, is under no illusions about the scale of the task that remains. "There is a lot of very hard work to do."

Nowhere is the task greater than in the revival of receipts. Air France airliners may be more full, but the constant erosion of international air fares and the French carrier's own incentives to attract passengers mean the most important measures of revenues have continued to suffer. According to Mr Blanc, revenues per passenger per kilometre fell by 9 per cent last year and revenues per seat per kilometre declined by 2 per cent.



Source: Company
* Merger with UTA

In response, the company is launching a series of products. Tomorrow, it is due to unveil redesigned cabins and services for its European operations. In October, it will introduce a revamp of its long-distance products.

By then, the French carrier may also have sealed an agreement with American Airlines and Japan Airlines, its preferred partners in the formation of a global alliance.

The key to reviving revenues, however, lies in the airline's new yield-management system. Bought earlier this year from a subsidiary of American Airlines, the computer systems will help fix pricing and ticketing strategies to maximise revenues per passenger, an area in which the French carrier lags its rivals. The hitch is that the new systems will not be up and running until the first half of next year. "We will be living dangerously for a while," admits Mr Blanc.

During this period, Air France will forge ahead with cost-cutting. According to Mr Blanc, purchasing costs will be reduced by FFr1bn this year, while production costs will fall 12 per cent. On the purchasing front, savings will be made by reducing aircraft orders. Mr Blanc believes the need to rationalise the airline's fleet structure and the reorganisation of its routes means it can cut down on aircraft.

Hence the cancellation of orders from Boeing and Airbus. Hence, also, a strong response from the European aircraft consortium, which has indicated it could take legal procedures to guarantee that the contracts are honoured and deposits are paid.

Mr Blanc appears ready to call such a bluff. "The outcome could have a big influence on future purchasing policy by Air France," says one banker involved in aviation finance. "Mr Blanc will be driving a hard bargain."

The Air France chief appears less of a tough guy, however, in his policy towards job cuts. "There is some idea that it is virile to cut as many jobs as you can," he says.

According to Mr Blanc, the reduction of the workforce by 5,000 prescribed in the current plan, in addition to 4,000 job cuts implemented by the previous management, should be sufficient.

Consequently, Mr Blanc rejects the idea that he has been constrained by political sensitivities and will seize the opportunity after the spring presidential elections to introduce additional job cuts. "We signed a contract with our staff and we will stick to it," he says.

As for an acceleration in his rescue mission, "we are going as quickly as we can. We must go at the rhythm of the possible," says the Air France chief. But as he knows, there is a lot riding on whether this pace is fast enough.

NOTICE OF REDEMPTION

MORTGAGE FUNDING CORPORATION NO. 1 PLC

Class A-1 Mortgage Backed Floating Rate Notes Due March 2020

NOTICE IS HEREBY GIVEN to Bankers Trustee Company Limited (the "Trustee") and to the holders of the Class A-1 Mortgage Backed Floating Rate Notes Due March 2020 (the "Class A-1 Notes") of Mortgage Funding Corporation No. 1 PLC (the "Issuer") that, pursuant to the Trust Deed dated 31st March, 1988 (the "Trust Deed"), between the Issuer and the Trustee, and the Agency Agreement dated 31st March, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the redemption provisions set out in the Terms and Conditions of the Class A-1 Notes, Available Capital Funds as defined in the Terms and Conditions in the amount of £1,000,000 will be utilised on 31st March, 1995 (the "Redemption Date") to redeem a like amount of Class A-1 Notes. The Class A-1 Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A-1 NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Bearer Notes

256 559 589 592 654 660 874 962 1117 1668

The Class A-1 Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York
P O Box 161
60 Victoria Embankment
London EC4Y 0JP

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

Union de Banques Suisses (Luxembourg) S.A.
36-38 Grand-rue
L-2011 Luxembourg

First Trust of New York
National Association
100 Wall Street
Suite 1600
New York, New York 10005

In respect of Bearer Class A-1 Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unmatured coupons and talons appertaining thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at the specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A-1 Notes which are the subject of this Notice of Redemption.

MORTGAGE FUNDING CORPORATION NO.1 PLC
By: Morgan Guaranty Trust Company
as Principal Paying Agent
Dated: 15th March, 1995

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States is required by the Internal Revenue Code of 1986 and amended by the Energy Policy Act of 1992 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A-1 Notes to the Paying Agent in New York.

CITICORP

U.S. $250,000,000
Floating Rate Notes Due December 1995

Notice is hereby given that the Rate of Interest has been fixed at 6.4375% and that the interest payable on the relevant Interest Payment Date June 15, 1995, against Coupon No. 6 will be US$82.26 in respect of US$5,000 nominal of the Notes and US$1,645.14 in respect of US$100,000 nominal of the Notes.

March 15, 1995, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

New currency bolsters Petrobrás

By Angus Foster in São Paulo

Petrobrás, Brazil's government-controlled oil company, yesterday announced sharply higher profits.

However, analysts cautioned that underlying growth was difficult to assess because of accounting factors related to the introduction of the Real currency.

Petrobrás said profits after tax and minority interests rose 48 per cent to R$1.21hn (US$1.38m) from R$818.9m in the year to December 31. Mr Joel Mendes Rennó, president, said the company "once again overcame all the challenges" and finished the year "more solid, more competitive and more efficient".

Comparing the two periods is difficult because in 1993 Petrobrás received R$129.7m from the sale of shares in a subsidiary. Last year, it had gains of R$1.44bn from the rise of the Real against the dollar, after the new currency was launched in July.

Turnover rose slightly to R$21.5bn from R$20.6bn, while gross profits before operating costs fell by R$900m to R$3.08bn. Earnings per block of 1,000 shares climbed 11 per cent to R$11.16.

Year-end debt stood at US$4.64bn, of which US$2.95bn is short term.

Petrol production improved 3.7 per cent to an average of nearly 700,000 barrels a day. Natural gas production rose 4.9 per cent, and proven reserves grew 6.6 per cent to 146.5bn cubic metres. By year-end, Petrobrás had reaerves of 10.3bn barrels of oil, of which 5.1bn were proven.

Research and development spending reached US$180m for the year. The company said it was continuing with studies into a site for an oil refinery, due to be built in Brazil's poor north-east region. The refinery has become a political issue, with at least five states competing for the site.

Petrobrás said it had made "countless" studies on partnerships and joint ventures in "practically all areas of the petroleum sector".

Under Brazil's constitution, Petrobrás has a monopoly on the exploration, refinery and transport of petroleum and natural gas.

However, reforms are before Congreas to allow more private-sector involvement in the industry.

The company said it would propose a dividend of R$1 for every 1,000 shares.

US broker expected to shed jobs

PaineWebber Group, the US retail hrokerage whicb acquired part of Kidder Peabody last year, is expected soon to announce joh cuts, some of which will affect its 8,400 brokers, **writes Maggie Urry.**

The cuts have been predicted aince tha $670m takeover, which brought 2,260 additional staff to the group, including 1,000 brokers. PaineWebber declined to comment on reports of the job cuts.

In January, the firm said the merger had gone well and it had retained more than 90 per cent of the Kidder Peabody brokers.

PaineWebber, the third-largest broker in the US, suffered a fall in net income for 1994 to $105m from $246m in 1993, even before a $36m after-tax cost related to the Kidder Peabody acquisition.

Many Wall Street firms have been reducing staff in an attempt to cut costs after last year's difficult market conditions, which drove down profitability.

Sotheby's continues recovery

By Maggie Urry in New York

Sotheby's, the auction house, financial services and property group, continued its recovery in 1994, with net income rising to $20.3m from $19.3m.

However, net income in the important fourth quarter dipped to $17.8m from $20.6m, largely because of the timing of auctions.

Currency movements lifted net income by $800,000.

Earnings per share for the year rose to 36 cents from 35 cents, but declined to 31 cents from 36 cents in the fourth quarter.

Profits from the auction business feli to $34m before tax from $34.2m, as auction revenues for the year rose 2 per cent to $239m and expenses increased 4 per cent to $210m.

Auction sales improved in most categories hut fell in two important areas: sales of impressionist and modern art were down 28 per cent, while jewellery sales dropped 17 per cent.

Mrs Diana Brooks, chief executive, said activity in the impressionist and modern art area was showing significant improvement.

This spring, Sotheby's expects to sell a collection for at least $40m.

The financial services business increased pre-tax profits to $3.7m from $2.8m as the loan hook grew from an average $112m in 1993 to $126m in 1994.

Sotheby's Internatiooal Realty increased pre-tax profits to $3m from $2.07m, largely because of ths strength of the New York and Florida property markets.

Wolters Kluwer up 20% for year

By Ronald van de Krol in Amsterdam

Wolters Klnwar, the Dutch-based publisher active in professional, scientific and educational markets, reported a 20 per cent increase in 1994 net profit, and forecast a further improvement in 1995.

The 1994 rise, in line with analysts' expectations and the company's forecasts, took net profit to Fl 382m ($242m) from Fl 318m in 1993. The dividend is to be raised to Fl 1.80 from Fl 1.52, up nearly 18.5 per cent.

Turnover was up 5 per cent at Fl 2.74hn compared with Fl 2.62bn. Excluding divestments and currency movements, sales in the group's core activities rose 10 per cent, of which about half was attributed to acquisitions.

Wolters Kluwer, one of the Netherlands' three biggest international publishing groups, spent Fl 280m from internal resources on acquisitions last year. Acquisitions inclnded takeovers in Germany, Austria, Denmark, the US, Italy and in eastern Europe. The group is active in 17 countries in Europe and North America.

In 1994, earnings per share rose, on a fully-dilnted basis, by more than 18 per cent to Fl 5.75 from Fl 4.86 in 1993.

Cessna returns to single-engine production

By Richard Tomkins in New York

Cessna Aircraft, the light aircraft manufacturing subsidiary of US industrial conglomerate Textron, is to start making single-engined aircraft again after quitting the business in 1986.

. It said yesterday it wonld make 2,000 single-engine aircraft a year at a new plant in Independence, Kansas, starting in antumn next year. The move is expected to generate $300m a year in revenues.

Cessna once dominated the single-engine aircraft business with more than 50 per cent of the world market. It dropped out in 1986 because of the cost of meeting prodnct liahility claims arising from accidents involving aircraft it had mada many years earlier.

That changed last autumn when the US Congress passed the General Aviation Revitalisation Act. This imposed an 18-year limit on manufacturers' liability, relleving the industry of responsibility for two-thirds of all general aviation aircraft flying today.

Mr Rnss Meyer, Cessna chairman and chief executive, said the average single-engine aircraft was 29 years old, and research showed there was a hig demand for new units, especially among people learning to fly.

Cessna will reintroduce four updated versions of models that proved popular in earlier years: the 172, 182, 206 and T206. Each will have technological and operational improvements.

Cessna decision to return pits it against other companies vying for a larger share of the general aviation market, lncinding Aérospatiale of France and Toyota of Japan.

Alcan Aluminium names next chairman of board

By Robert Gibbens in Montreal

Alcan Aluminium will name Dr John Evans chairman of the board following its annual meeting on April 27. He will succeed Mr David Morton, who is not standing for re-election as a director.

Mr Morton became chairman in 1989 and was also chief executive until retiring from that post in 1993.

Alcan said yesterday its board had decided to continue keeping separate the positions of chairman and chief executive. Mr Jacques Bougie took over from Mr Morton as chief executive in 1993, and has overseen a broad restructuring of Alcan's businesses.

Dr Evans, a former president of the University of Toronto, bas been an Alcan director since 1986. He also sits on the board of several other companies.

"Alcan is now reaping the benefits of lower costs and improving markets, and this is an appropriate time to complete my handover," said Mr Morton.

NEWS DIGEST

Higher provision against loans hits Crédit Agricole arm

Crédit Agricole de l'Ile de France, the largest of the regional entities that make up France's biggest mutual bank, yesterday reported a fall in net income of nearly 25 per cent, to FFr354.5m ($70.6m) in the year to December 31 1994, **writes Andrew Jack in Paris.**

The sharp drop in profits, from FFr464m in the previous year, followed the company's decision to increase provisions by 24 per cent to FFr938m, mainly because of loans to the property sector.

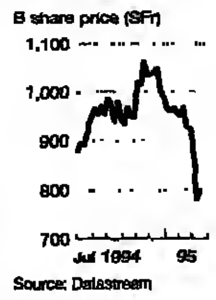
Mr Edouard Esparbès, managing director, said that although risks did not increase in 1994, Crédit Agricole had decided to take a strong line on provisions to create room for flexibility.

The increase in provisions gives it a total rate of cover against loans of 46 per cent, including 50 per cent on property, 37 per cent on corporate deals and 13 per cent on personal loans.

Operating income during the year dropped 7 per cent to FFr1.19bn, and total banking income fell 2 per cent to FFr2.99bn. Mr Esparbès said there would be fewer negative financial factors and lower provisions in the 1995 results.

Group 1994 figures are expected to be published on April 6.

Profits at Holderbank advance 41.5%



Source: Datastream

Holderbank, the world's largest cement group, has reported a 41.5 per cent jump in 1994 net income, to SFr406m ($347m). The Swiss group said the rise reflected "generally buoyant construction activity", **writes Ian Rodger in Zurich.** It also confirmed it was appealing against an Ecu15.32m ($11.8m) fine imposed by the European Commission last December for alleged price fixing in EU markets.

Holderbank's EU-based subsidiaries will also launch appeals to the Court of First Instance in Luxembourg.

Net sales rose 8 per cent in 1994, to SFr9.1bn, and operating profit advanced 22.7 per cent to SFr1.2bn. Holderbank attributed the improvement to rising demand and prices in several markets. Further details will be published next month.

Big salary increase for IBM chairman

Mr Lou Gerstner, IBM chairman, received a big increase in salary and bonuses for 1994 based on the "above target" financial performance of the company, according to a proxy statement sent to shareholders, **writes Louise Keboe in San Francisco.**

For 1994, his salary was $2m. He also received bonuses worth $2.6m. In 1993, he earned a salary of $1.5m and bonuses of $1.25m. Mr Gerstner joined IBM in March 1993.

Mr Gerstner also received $7.8m from IBM in 1994 in lieu of stock options from his former employer, RJR Nabisco. Ha received $4.9m from IBM in 1993 for forfeiting RJR stock option benefits.

Mr Gerstner also received 225,000 shares in atock options from IBM during 1994, according to the proxy. He received 500,000 shares in the previous year.

The company's net income in 1994 was $3.02bn, after adjusting for the sale of Federal Systems and other items. IBM reported a loss of $8.1bn in 1993, including rastructuring charges.

Norsk Hydro, Mobil agree equity deals

Norsk Hydro, Norway's largest liated company, and Mobil Development Norway have agreed deals on equity shareholdings in two Norwegian North Sea licences. Financial details were not disclosed, **writes Karen Fossli in Oslo.**

Hydro sold Mobil 5 per cent of its equity stake in Block 30/9, Oseberg South, reducing its shareholding to 25 per cent. Mobil previously had no shareholding in the licence.

Oseberg South contains estimated oil reserves of 250m barrels. The plan is to develop it once spare capacity is available on the nearby main Oseberg field platform.

Mobil sold Hydro 15 per cent of its 40 per cent shareholding in Block 35/11, in a deal leaving each of the companies with a 25 per cent equity stake in the block. The deal also transfers operational responsibility of the field to Hydro from Mobil.

Block 35/11 contains estimated reserves of 113m barrels.

Both deals must be approved by the companies' boards and the Norwegian energy authorities. They must also be agreed by the other partners in the two blocks.

Canam Manac sells steel mini-mill

Canam Manac, a steel joist maker with plants in Canada, the US, Mexico and France, has sold its MRM steel mini-mill in Manitoba to Brazil's Grupo Gerdau Empreendimentos for C$160m (US$113.3m) cash, **writes Robert Gibbens in Montreal.**

Canam bought the mill from Canadian Pacific for C$100m in 1987. It will post a pre-tax gain of C$18m on its sale, and debt will dip from C$175m to C$63m.

MRM accounted for 30 per cent of Canam's annual sales. It will now concentrate on expanding its steel building prodncts business.

Kellogg plans further share repurchasing

Kellogg, the US food group, said it expected to spend the $325.4m authorised for share repurchases this year, **AP-DJ reports from Battle Creek, Michigan.**

In its latest annual report, Kellogg said it spent $327.3m to buy back 6,194,500 common shares last year, and this year management planned to use the full $325.4m anthorised.

The group said its long-term debt at year-end stood at $719.2m, up from $521.6m a year earlier, while shareholders' equity totalled $1.81bn, up from $1.71bn.

Kellogg reiterated that it expected to take a pre-tax charge of between $30m and $40m in the second or third quarter.

This will reflect expenses from the acceleration of pension and healthcare benefits, and cash outlays for employee separation payments.

PUBLICLY TRADED IN BRAZIL
2,523,708 - Stockholders
611,241,438,552 - Outstanding stock
Head Office: Cidade de Deus
Osasco - São Paulo - Brazil
Phone: (55 11) 701-4011
Fax: (55 11) 256-6742

BRADESCO

BANCO BRADESCO S.A.

New York Branch
450 Park Avenue, 32nd/33rd floors
New York - NY - 10022 - USA
Phone: (212) 888.9855 - Fax: (212) 754.4032
Grand Cayman Branch
Caledonian House, 3rd floor - Mary Street
George Town, Grand Cayman, Cayman Islands, B.W.I.
Phone: (809) 945.1200 - Fax: (809) 945.1430
London Representative Office
Bucklersbury House
3, Queen Victoria Street
London EC4N 8EL England
Phone: (071) 827.0027 - Fax: (071) 827.0028

SUMMARY OF THE 1994 ANNUAL REPORT

Bradesco's management has decided to publish a summary in English of its Annual Report for the ye'ır ended December 31, 1994, with the scope to maintain updated its international customers and investors. The main aspects of the 1994 Annual Report are summarized as follows:

The Company

Bradesco is the largest private commercial bank in Brazil in terms of assets, deposits and net worth and engages in a wide variety of activities in addition to retail banking, such as commercial lending, mortgage lending and international business operations.

The Bank has 1,845 full-service branches throughout Brazil, all of which operate on an "on-line, real time" communications and data processing network. In addition, it has 528 special detached banking units at large corporations and also operates 18 branches specialized in international business in Brazil and two foreign branches, one in New York and the other in Grand Cayman, and a representative office in London. Bradesco's clients maintain over 21 million accounts and approximately one out of every five economically active Brazilian does business with Bradesco.

The Bank has been a leader in developing and implementing data processing and electronic banking services in Brazil. It also operates a highly sophisticated data processing center via satellite communications to connect the branch network throughout Brazil to Headquarters.

Bradesco's banking network encompasses 4,313 service points and services over 2.7 million customers per day.

History

The Bank was founded in 1943 and became a commercial bank under the name of Banco Brasileiro de Descontos S.A. Its administration is centralized in an office complex located in Osasco, São Paulo, known as "Cidade de Deus".

In 1948, the Bank began a major expansion program, opening new branches and acquiring other financial institutions. The major period of expansion occurred in the 1960s, when the Bank became the largest privately owned commercial bank in Brazil, a position which it has maintained to date.

In 1988, Bradesco's shareholders approved the establishment of a "multiple bank" through the merger of Bradesco S.A. Crédito Imobiliário, the Group's real estate finance institution at the time, into Banco Brasileiro de Descontos S.A., the Group's commercial bank and gave the consolidated institution its current name, Banco Bradesco S.A. Also, the Bank has carried out investment banking activities following the merger of its subsidiary, Banco Bradesco de Investimento S.A..

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

Balance sheet	Thousands of U.S. dollars, December 31: 1994	1993	1992
Assets			
Cash	687,430	338,512	135,212
Interbank deposits	464,142	4,806,067	1,422,306
Trading securities and other assets	3,742,344	3,111,743	3,110,475
Interbank and interdepartmental accounts	3,897,574	1,155,616	979,238
Foreign exchange portfolio	1,449,400	2,026,045	1,406,254
Credit operations	8,736,390	3,980,747	3,336,605
Other receivables	1,392,085	501,137	241,979
	20,369,365	15,919,867	10,632,071
Investments	701,870	481,102	1,010,918
Property and equipment	2,495,516	1,421,695	1,024,491
Deferred charges	203,058	131,133	104,730
	3,400,444	2,033,930	2,140,139
Total assets	23,769,809	17,953,817	12,772,210

Liabilities and stockholders' equity	Thousands of U.S. dollars, December 31: 1994	1993	1992
Customer funds	11,862,833	7,215,306	6,326,227
Deposits received under security repurchase agreements	915,099	3,499,090	960,607
Borrowings and onlendings	2,240,401	1,552,467	1,015,584
Technical insurance and pension fund provisions	1,531,451	694,075	
Other liabilities	2,784,279	2,242,637	1,942,913
Total liabilities	19,334,063	15,203,575	10,245,331
Deferred income	4,713	71	83
Minority interest	95,762	61,518	19,135
Stockholders' equity	4,335,271	2,688,653	2,507,661
Total liabilities and stockholders' equity	23,769,809	17,953,817	12,772,210

Statement of income	Thousands of U.S. dollars, December 31: 1994	1993	1992
Income from lending and trading activities	4,649,123	2,987,434	2,494,926
Expenses	(1,738,186)	(987,054)	(690,234)
Net income from financial intermediation	2,910,937	2,000,380	1,804,692
Other operating expenses	(2,141,870)	(1,302,812)	(1,252,245)
Non-operating income (expenses)	35,354	(82,003)	44,056
Income before taxes	804,421	815,565	596,503
Provision for income tax and social contribution	(269,785)	(240,037)	(296,634)
Minority interest	(7,790)	(6,476)	(10,883)
Net income for the year	526,846	369,052	288,986

NOTES

Basis of translation

The above condensed consolidated financial information was translated into U.S. dollars from the local currency financial statements prepared in accordance with accounting principles generally accepted in Brazil.

All balance sheet and income statement items were translated at the official bank selling rate of exchange ruling on each balance sheet date. Accordingly, the net effect on the financial statements of the differences between inflation and appreciation/devaluation of the local currency against the U.S. dollar in each accounting period is considered directly in stockholders' equity and not in the results of operations. The dollar equivalent was determined at the exchange rate of R$ 0.846 : US$ 1.00 at December 31, 1994 (1993 - CR$ 326.105; 1992 - Cr$ 12,387.50.)

Public accountants

The consolidated financial statements at December 31, 1994, 1993 and 1992 were audited by Price Waterhouse, in accordance with Brazilian auditing standards, who issued clean opinions thereon dated January 10, 1995, January 28, 1994 and January 19, 1993, respectively.

Business

Purpose and legal status

As a multiple bank in the Brazilian monetary system, Bradesco is allowed not only to accept demand, saving and time deposits, but also to collect all kinds of receivables, taxes and social security contributions, make loans and arrange other types of financing, including financing of real estate.

The basic overall business strategy is established by management. Bradesco follows a retail oriented strategy of providing a diversified product mix to its customers, regardless of their geographic location, which is manifested in a technologically advanced branch network and a geographic penetration of 1,845 full service branches throughout Brazil.

Bradesco's financing activities target the private sector (with particular emphasis on the agricultural and manufacturing sectors) and concentrate on short-term financing.

Funding

Bradesco's major source of funding for its operations is customer funds in the form of demand, savings and time deposits. At December 31, 1994, the Bank had approximately 15 per cent of the demand deposit segment of the market, primarily due to Bradesco's country-wide branch network, which serves as a collection point for both individual and corporate deposits.

The Bank also obtains funds from foreign sources through short-term interbank lines, totalling US$ 1,061,397 thousand at December 31, 1994.

The following table shows the breakdown of Bradesco's customer funds by type per year.

	Thousands of U.S. dollars: 1994	1993	1992
Demand deposits	2,440,079	537,047	713,242
Savings deposits	6,285,047	3,934,557	2,831,662
Time deposits	3,137,707	2,743,702	2,781,323
Total	11,862,833	7,215,306	6,326,227

Collections

Bradesco has developed an electronic system of direct collection. Where both parties have an account with Bradesco, this system electronically withdraws funds from one account and deposits them in the other. In Brazil, tax and social security payments and utility bills are paid at commercial banks, which may retain the funds (and the resulting income) for a period, in some cases, of one day. Due to its large branch network, Bradesco is a major participant in the collection of taxes, social security contributions and public utility payments. Bradesco also offers its electronic system of direct collection to taxpayers, pensioners and users of public utility services. In 1994, Bradesco collected approximately US$ 10.0 billion in federal, state and municipal taxes and other contributions and approximately US$ 2.2 billion in electricity, water, gas and telephone bills.

Lending Activities

Bradesco's loan portfolio includes commercial loans, housing loans, agricultural loans and advances on foreign exchange export transactions. Currently, less than 1 per cent of Bradesco's loan portfolio is allocated to the public sector and the Bank has no medium or long-term exposure to any public sector borrower.

The following table shows the breakdown of Bradesco's loan portfolio by type at December 31 of each year.

Type	Thousands of U.S. dollars: 1994	1993	1992
Discount of trade receivables and other loans	6,145,198	2,254,480	1,560,854
Rural credit loans	837,690	509,068	436,637
Mortgage loans	1,957,759	1,227,508	1,353,126
Others	21,670	18,408	18,571
Overdue loans	237,671	83,016	88,048
Allowance for loan losses	(463,598)	(111,733)	(120,631)
Total	8,736,390	3,980,747	3,336,605

The following table shows Bradesco's total loan portfolio by maturity:

Maturity	Thousands of U.S. dollars: 1994	1993	1992
Up to 1 year	5,920,726	2,258,535	1,636,621
More than 1 year	2,815,664	1,722,212	1,699,984
	8,736,390	3,980,747	3,336,605

Short-term Export Finance

Throughout 1994, Bradesco carried out export exchange contracts in the total amount of approximately US$ 5.2 billion, corresponding to 12.75% of the market.

Credit Policy

Bradesco applies stringent standards to its credit analysis of prospective customers and always requires collateral or a guarantee as security for its loans. This credit analysis is based upon available cash flow and daily monitoring of customers' banking activities. In addition and in order to better assess the risk, the Bank seeks to ascertain the use by each customer of the borrowed funds.

Bradesco ensures the diversity of its credit portfolio by lending evenly to different sectors of the economy. Moreover, according to its lending policies, exposure to any one borrower is limited to 5 per cent of its net worth and its aggregate exposure to all borrowers is limited to approximately 15 times its net worth. Also, the Bank matches fully all its foreign currency operations.

International Operations

The two overseas branches, located in New York and Grand Cayman, are principally involved in sourcing funds in the international markets to provide financing to Bradesco and other Brazilian banks in order to enable the banks to provide import and pre-export trade financings to their customers. Total assets of the branches outside of Brazil were US$ 701,856 thousand at December 31, 1994 and the capital, reserves and retained earnings of the branches were US$ 280,990 thousand in the aggregate.

Technology

Bradesco's banking network encompasses 4,313 service points, including 1,845 branches, 528 special banking service posts and 1,800 ATMs. This network is integrated through two sophisticated and advanced data processing centers ("National Centers"), one located at the Headquarters, at Cidade de Deus, and the other in Alphaville, State of São Paulo. Daily, these National Centers process approximately 36 million transactions. In addition, Bradesco has 97 service subcenters, 16 high and medium capacity computer centers and more than 13,800 microcomputers.

Part of the network is connected through a new low-velocity satellite data transmission system ("satellite system"). This satellite system permits branches to be fully connected and interconnected, and transactions occurring in any part of the network to be processed on an on-line, real time basis.

Bradesco was the first Brazilian bank to operate "on-line, real time". It has invested annually more than US$ 200 million in improvements to the information technology and telecommunications infrastructure linking its branches and ATMs to its mainframe computers in order to provide 24-hour service on a real time basis.

Since 1981, the Bank has been developing a System of Instantaneous Transactions, the "SIT". The SIT revolutionized banking services in Brazil and led to the creation of various new products and services. By implementating of the SIT and through the use of magnetic cards, Bradesco developed the capacity to allow customers to instantaneously effect transactions from any branch or ATM in the country. Such transactions include deposits, withdrawals, balance inquiries, transfers, and payment transactions. Through the magnetic cards, the SIT permits, for example, a Bradesco customer in São Paulo to access his account over 500 miles away in Brasília to make a payment within seconds to an account at a Bradesco branch in Salvador, a Brazilian city over 1,000 miles away.

Bradesco's printing needs are entirely met by Gráfica Bradesco Ltda., a wholly-owned subsidiary of Bradesco formed in 1972, which produces check books and bank forms for deposit, withdrawal, and for all other types of banking transactions.

Dividends

Pursuant to the provision of its by-laws, the Bank is required to pay its shareholders a compulsory minimum dividend of 30 per cent of annual net income adjusted in accordance with the requirements of Brazilian Corporation Law.

The Bank has traditionally paid monthly dividends on account of the annual statutory minimum compulsory dividend. Bradesco has fulfilled this requirement which exceeds that established by Brazilian Corporation Law since 1970 and has always fulfilled both the statutory and legal minimum dividend requirements.

Corporate Structure

Subsidiaries

The following is a brief description of each of the companies which constitute Bradesco's principal subsidiaries, all of which are consolidated in the annual financial statements.

Bradesco Leasing S.A. Arrendamento Mercantil

Bradesco Leasing S.A. Arrendamento Mercantil ("Bradesco Leasing"), of which 65 per cent of the voting stock is owned by Bradesco, 10 per cent by the Sanwa Bank and 25 per cent by Orix Corporation of Japan, is an active participant in the Brazilian leasing market.

At December 31, 1994, Bradesco Leasing had stockholders' equity amounting to US$ 104.8 million and 27,329 ongoing leasing contracts, totalling US$ 744,529 thousand.

Bradesco Insurance Group

Under the management of Bradesco Seguros S.A., the Bradesco Insurance Group maintained a significant presence in the Brazilian insurance market. At December 31, approximately US$ 930 million of investments covered the technical reserves of the insurance companies of the Bradesco Insurance Group. Over US$ 1.7 billion portfolio investments guarantee the actuarial reserves of Bradesco Previdência e Seguros S.A., which provides pension plans for 5,173 companies and 289,911 participants enrolled in its various plans.

Bradesco Administradora de Cartões de Crédito Ltda.

A wholly-owned indirect subsidiary, Bradesco Administradora de Cartões de Crédito Ltda. ("Bradesco Administradora") administers Bradesco's credit cards.

As of December 31, 1994, approximately 1,540,000 customers held Bradesco credit cards. In 1991, the Bank introduced the "World Card Bradesco" (the "World Card"), an international consumer credit card valid both in Brazil and abroad. Associated with Visa International, the World Card, like any other Visa card, can be used in more than 12 million commercial establishments in 247 countries, 381,000 bank branches and approximately 192,000 ATMs. Customers can use the World Card for emergency cash withdrawals outside Brazil. In addition, there are services center in Brazil and abroad, at the disposal of customers in case of theft or loss of the card.

In 1991, in order to meet the needs of Brazilian exporters, the Bank introduced the Bradesco Business Card, which can be used both in Brazil and abroad by companies and their executives.

Investments

Bradesco, its subsidiaries and the funds managed by the Bank and its subsidiaries own voting shares in the following unaffiliated companies, all of which are publicly held companies:

Company	Participation in voting capital at December 31, 1994 - %
Alpargatas Santista Têxtil	10.00
Artex S.A. Fábrica de Artefatos Têxteis	10.71
Brasmotor S.A.	31.24
Casa Anglo-Brasileira S.A.	10.00
Companhia Siderúrgica Belgo-Mineira	11.44
Manah S.A.	10.47
Metal Leve S.A.	15.32
Monteiro Aranha S.A.	14.58
Pirelli Pneus S.A.	14.97
Refrigeração Paraná S.A.	13.29
S.A. Moinho Santista - Indústrias Gerais	11.37
São Paulo Alpargatas S.A.	20.29
Tigre Participações S.A.	15.25
Tupy S.A.	24.29

Management

The Bank is managed by the Conselho Superior de Administração ("Superior Administrative Council") comprising five members, a Managing Board comprising 15 directors and 49 Department and Regional directors that supervise the Bank's operating and staff divisions.

The members of the Superior Administrative Council and the Directors of the Managing Board also perform senior management functions in various subsidiaries of Bradesco. All senior officers of the Bank are required to have worked for Bradesco for a minimum of 15 years in order to be appointed a member of either the Superior Administrative Council or the Managing Board.

The members of the Superior Administrative Council and the Managing Board are as follows:

Name	Position
Superior Administrative Council	
Lázaro de Mello Brandão	President of the Council
Alcides Lopes Tápias	Vice-President of the Council
Achilles Vezzone	Council Member
João Aguiar Alvarez	Council Member
Denise Aguiar Alvarez Valente	Council Member
Managing Board	
Lázaro de Mello Brandão	President and Chief Executive Officer
Antônio Bornia	Executive Vice-President
Durval Silvério	Executive Vice-President
Edson Borges	Executive Vice-President
Dorival Antônio Bianchi	Executive Vice-President
Ageo Silva	Executive Vice-President
Armando Fernandes Júnior	Executive Vice-President
Décio Tenerello	Managing Director
Firmino Fernandes Sobrinho	Managing Director
Márcio Artur Laurelli Cypriano	Managing Director
Aluizio Borges	Managing Director
Antônio Fernando Burani	Managing Director
Christoph Heinrich von Beckedorff	Managing Director
Laércio Albino Cezar	Managing Director
Mário da Silveira Teixeira Júnior	Managing Director

Employees

At December 31, 1994, Bradesco had 68,430 employees. The Bank's "closed career" philosophy encourages its employees to remain with Bradesco throughout their careers. Bradesco's personnel policy seeks to fill all positions from within the Bank, including middle and upper level positions, as opposed to hiring laterally from the marketplace.

BRAZILIAN CERTIFIED ACCOUNTANT
José Roberto Aparecido Nunciaroni
TC-CRC-SP 73.877

INTERNATIONAL COMPANIES AND FINANCE

Deutsche Telekom close to 25% Satelindo stake

By Manuela Saragosa in Jakarta and Michael Lindemann in Bonn

Deutsche Telekom, the state-owned German operator, may be close to beating several international competitors for a 25 per cent stake in Satelit Palapa Indonesia (Satelindo), the two-year-old telecommunications company which is becoming an important competitor to Indoset, the state-controlled telecoms group.

Mr Wolfgang Bötsch, the German minister of post and telecommunications, will be in Jakarta next week to pitch for business in Indonesia.

Mr Bötsch is scheduled to meet his Indonesian counterpart, Mr Joop Ave, whose ministry is linked to Satelindo through Telkom, the Indonesian domestic telecoms company. Telkom has a 30 per cent stake in Satelindo.

Talks with Cable & Wireless stalled after the UK telecoms company demanded that its $550m bid for the 25 per cent stake be accompanied by a right to veto any future acquisition worth more than Rp2bn ($940,000) that Satelindo makes, a Satelindo spokesman said.

The spokesman said that Deutsche Telekom was back at the negotiating table with Satelindo. "It is not certain that Satelindo will partner with Cable & Wireless," Mr Iwa Sewaka, Satelindo'e director-general, was quoted as saying in the Bisnis Indonesia newspaper.

Until the end of February, C&W appeared to be in the lead for the acquisition. At the last moment, however, a signing ceremony between the two companies was cancelled.

Nynex of the US and France Telecom are also bidding for the stake.

Satelindo was eet up two years ago and is emerging as a competitor to Indosat, which was listed in Jakarta and New York last year.

The two compete in handling international direct calls, but competition is limited to marketing techniques rather than pricing.

Satelindo is jointly owned by Telkom, Indosat and Bimagraha Telekomindo, another Indonesian telecommunications group. Bimagraha is part of the Bimantara group, which is controlled by one of President Suharto's sons.

In a separate development, local press reports said the launch of Satelindo's Palapa C-1 satellite, which has leased transponders to a number of Hong Kong-besed and US broadcasters, will be delayed until May next year.

The European space consortium Arianespace was scheduled to launch Palapa C-1 later this year, but the company is behind schedule on two other satellite launches.

Swissair unit lifts offer for McLeod

By Nikki Tait in Sydney

The stakes were raised yesterday in the bid battle for M.S. McLeod, the Australian duty-free retailer, when Swissair – through its NDF Trading unit – announced that it was raising its offer to A$1.07 a share.

This capitalises McLeod, Australia's largest duty-free retailer with stores both on and off airport sites, at about A$30m (US$22m).

The new bid compares with Swissair's previous offer of 90 cents a share, and trumps the more recent bid from the UK-based Allders group of A$1 a share.

Allders, like McLeod, has e prominent retail presence in Australia, and already derives about 17.5 per cent of its duty-free sales from the country.

A third private company, Singapore's Lion City Holdings, opened the bidding last year with a partial offer for just under half the equity, but now seems to have faded from the bidding. Its initial bid was below both the Swissair and Allders offers.

Swissair also said yesterday that it had secured an option over 19.9 per cent of McLeod's equity, which it intends to exercise.

The option was sold by Outer Hebrides, the largest single shareholder in the group at present.

There was no immediate response from McLeod's advisers yesterday, but the group has consistently said that shareholders should take no action until it issues its "part B" stetement, the formal response document required under Australian takeover rules.

McLeod recently reported a net interim profit of A$1.23m, slightly below the previous year's figure, with the downturn blamed of a discounting price war.

Sales were just over A$96m in the six months to the end of December.

Reinsurance Australia beats target

By Nikki Tait

Reinsurance Australia (ReAC), a newly-formed company which was floated on the Australian stock market in late 1993 and is the country's only qnoted reinsurance business, yesterday reported a profit after tax of A$27.1m (US$20.2m) for 1994, significantly higher than its prospectus target of A$16.2m.

Net written premiums were A$169.8m, and net claims expenses was A$117m. The underwriting profit wes A$28.3m.

The company said it was confident of achieving the prospectus forecast of a gross written premium target of about A$425m in 1995, assuming market conditions are stable. It added that claims expenses from the Kobe earthquake in Japan in January should be relatively small.

In 1994, property catastrophe reinsurance accounted for about 34 per cent of business written by ReAC.

Canal Plus channels efforts into digital

Investment programme continues despite 48% fall in profits, writes Raymond Snoddy

When Mr Pierre Lescure, chairman of Canal Plns, the French pay-TV group, announced a 48 per cent drop in net profits last week, he was not surprised at the headlines in the French press.

"Deep decline" for the new regime running the gronp since the resignation a year ago of Mr Andre Rousselet, the founding chairman, was how the papers greeted the news.

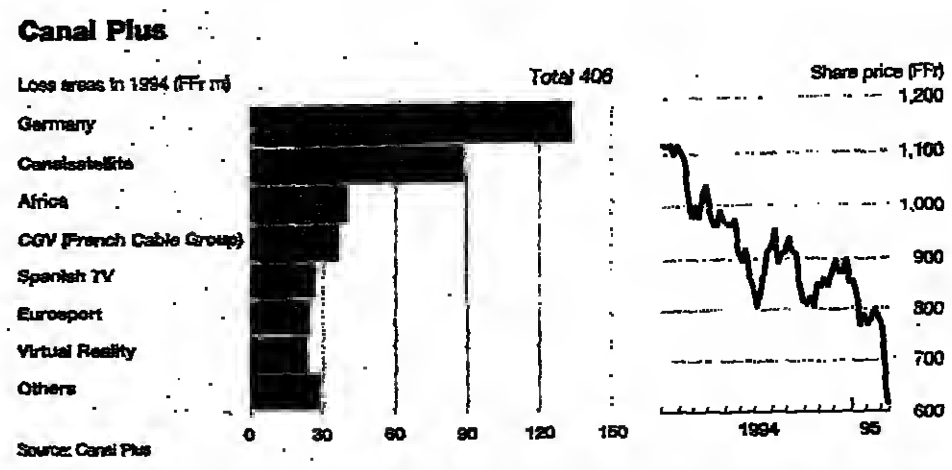
"I am a former journalist. I could have written such headlines," says Mr Lescure, who believes that the reaction to the drop in profit – both in the press and on the Paris bourse, where 10 per cent was wiped off the valne of Canal Plus shares – was overdone.

The controversy over Canal Plus revolves around a few simple numbers. In 1993, the pay television pioneer had a net profit of FFr1.2bn ($238m); last year the figure was FFr626m. Total revenues, however, rose by 10.3 per cent to FFr9.5bn, although the rate of growth of subscription revenue slowed to 5.4 per cent, at FFr7.4bn.

Speaking in his office – cluttered with video cassettes, pink model cars resting on sofas and pop art – in the company's modernistic headquarters by the River Seine, Mr Lescure is unrepentant.

He points to a series of projects still at the investment stage – such as the move into the German pay television market – that together had a negative impact totalling FFr408m on the results.

The Canal Plus chairman's only regret is the FFr120m write-down from the group's 17 per cent stake in Carolco, the troubled US production company. But Europeans have often found that trying to get into Hollywood can be a chastening experience.



However, the programme of future investments at Canal Plus continues undiminished. On March 21, Canal Plus (with local partners) will launch a pay television channel in Poland. It is also extending its reach to Chile, and in October plans to launch a digital satellite television service for France, with Germany likely to follow next year.

"I could have had FFr1bn profit if I had wanted to. Since the day I took over I could easily make a list of 10 or 12 decisions where it would not have been difficult to delay or say 'no'," says Mr Lescure.

He implies that if his main shareholders – Havas, Général des Eaux and Société Générale – want someone to say "no" more regularly, they should find someone else for the job. Together the three companies control just under 49 per cent of Canal Plus.

"Digital could wait until 1996-97 – not e problem. Poland could wait. I could beve delayed Chile, it's on the other side of the globe," says Mr Lescure. He shares the belief of Mr Rupert Murdoch, the News Corp chairman, that in the pay television business, the first into the market usually wins.

With digital, Canal Plus believes it has no alternative but to move now because the technology exists and works, and any delay might only let non-French broadcasters into the market.

Turning television pictures into digital form and concentrating on that part of the picture that moves from one frame to the next means that at least eight television channels can be squeezed into a satellite transponder that previously only one.

Canal Plus will probebly start with about 18 channels this year – inclnding the channels created for its existing satellite operation, Canalsatellite, although many more are possible.

The plan includes devoting three channels to the single existing Canal Plus offering broadcast over conventional transmitters, so that the same programmes can be shown at more convenient times on different channels.

Canal Plus, which will probably rent the decoders to subscribers for the first two years in order to kick-start the market, hopes that the existing 4m subscribers to the main channel will gradually migrate to digital.

In the highly competitive German market, Canal Plus runs the pay television channel Premiere, with its partners Bertelsmann and the Kirch organisation. It has invested in the Vox satellite channel and is negotiating with its Premiere partners and Dentsche Telekom on the future launch of digital services in the German market.

Mr Neil Blackley, media analyst at Goldman Sachs, has just produced a study of the pay television market in Europe – a $5bn market he expects to grow at 25 per cent a year in future.

With the exception of the Carolco adventure, Goldman Sachs is generally supportive of the Lescure strategy of investment, and believes that after a further six months of underperforming the market the share price will renew its growth.

"After a period of slow growth and heavy investment with impacts on the 1994 and 1995 earnings momentum, we expect Canal Plus to resume more rapid expansion as a result of the success of Canalsatellite .... and a pick-up of its all-important German operations," Goldman argues.

Canal Plus also has a "commando squad" on standby to try to win entry to the Turkish market. Its reach will soon extend to Mauritius, partly because most of the cost has already been absorbed by delivering a signal to the French island of Réunion.

For the immediate future Mr Lescure is promising investors much of the same, although profits might rise gradually.

"In the period of new investment we are entering, if during the next four or five years Canal Plus is back at FFr1bn [net profit] I would be very anxions," he says, adding that such a profit would mean thet there was a list of necessary things that had not been done.

Danish group passes payout for third year

By Hilary Barnes in Copenhagen

Denmark's East Asiatic Company will pay no dividend for the third consecutive year, although the trading and shipping group increased net profits to DKr230m ($40m) from DKr114m in 1993 and a loss of DKr990m in 1992.

Sales increased by 12 per cent to DKr12.45bn from DKr11.12bn and profits after depreciation were up to DKr545m from DKr301m, taking the margin on sales to 4.4 per cent from 2.7 per cent.

The group is an important trader in branded consumer products in east Asian markets and expects a substantial increase in this business in the coming year after taking over distribution of Philip Morris products in the Philippines.

The 1994 accounts contained net extraordinary income of DKr270m from disposals, incinding a reduction in its shareholding in the Carlsberg brewery in Hong Kong from 50 to 20 per cent, as well as a charge of DKr176m for discontinued activities.

Earnings per share increased to DKr3.30 from DKr2.40 in 1993 and return on capital employed was up to 10 per cent from 6.3 per cent. Net interest-bearing debt was reduced to an average level last year of DKr3.22bn from DKr4.45bn in 1993 and DKr5.8bn in 1992.

The equity-to-assets ratio, which plunged to 21.4 per cent in 1992, was back to 27.2 per cent last year.

Bnsiness volume is expected to grow by 20 per cent in the core Asian markets next year, said EAC, which predicts a further improvement in operating income despite selling off plantation and brewery interests in Malaysia.

Cycle & Carriage advances 46%

Cycle & Carriage (C&C), the Singapore vehicle distributor, yesterday reported pre-tax profit rose 46 per cent to S$200.8m (US$141.2m) for calendar 1994, compared with S$171.9m in the previous 15 months, AP-DJ reports from Singapore.

Turnover was S$1.76bn compared with S$1.69bn in the earlier period. The group also has interests in property development and investment.

COMPANY NEWS: UK

Kingfisher pleases despite fall to £244m

By Neil Buckley

Kingfisher, the retailing group, yesterday vowed to rectify the mistakes and problems at its Woolworths and Comet chains that led to a 10 per cent fall in profits last year and the ousting of four directors since January.

Pre-tax profits for the year to January 28 fell from £309.3m to £244.2m ($400m) after exceptional costs of £37.3m (£1.3m) relating to business disposals, in line with analysts' expectations which had been reined back after an unexpectedly poor trading statement in January.

Since that statement Kingfisher has lost a chief executive, finance director, and two other board members at a cost of £3m in pay-offs, reduced head office staff from 100 to 60, demoted its chairman and reduced his pay.

The shares rallied 5p to 440p as the group said it was not making the anticipated large provisions for restructuring of Comet and Woolworths, and recommended a final dividend of 10.8p, increasing the total pay-out by 2 per cent to 15.2p.

Sir Geoff Mulcahy, who stepped down from the chair in January to replace Mr Alan Smith as chief executive, shied away from radical restructuring or strategy changes. There were no widespread store closures, or sell-offs.

Instead, Sir Geoff said problems at Woolworths and Comet were largely operational and could be solved by improving their price position and marketing, and ironing out difficulties in systems and distribution. At the same time, expansion of the successful Superdrug, B&Q and Darty chains would continue as before, and revised long-term strategies for Woolworths and Comet would be developed.

In Woolworths, the effects of uncompetitive pricing and stock shortages were clear as sales increased only 0.5 per cent to £1.32bn, and operating profits fell from £74.5m to £51.4m.

A mishandled shift towards more expensive products and the hurried introduction of new systems in Comet produced a reduction in sales of 1.8 per cent, and a £2m loss, against profits of £16.4m.

B&Q, however, lifted sales 5.9 per cent to £1.22bn, and profits 1.2 per cent to £83m, while Superdrug increased profits 21 per cent to £38.1m by focusing more on health and beauty products than on household goods.

Darty, France's largest electrical retailer acquired in 1993, made its first full-year profits contribution of £104.1m, compared with £79.2m for the previous eight months.

With good performances from Chartwell Land, the property arm, and Kingfisher's smaller businesses group turnover increased 9.1 per cent to £4.88bn.

See Lex

Housing fears trim Wolseley share price

By Andrew Taylor, Construction Correspondent

A warning of dimmer prospects due to stumbling UK and US housing markets caused the share price of Wolseley, the world's largest distributer of heating and plumbing equipment, to dip 6p to 342p yesterday.

The decline occurred in spite of the announcement of a 35 per cent rise in pre-tax profits to £117.4m (£87m) for the six months to January 31.

Mr Jeremy Lancaster, chairman and managing director, said the UK housing market remained depressed, having fallen away in the second half of 1994. There also were signs thet parts of the US housing market were declining. About 60 per cent Wolseley's US sales went into new homes.

The outlook for UK distribution remained uninspiring, he said, with no evidence of the "feel good factor" returning among consumers.

European profits rose 34 per cent to £46.8m (£35m) while sales increased by more than 30 per cent to £718m (£551m). The UK, which produces the main share of profits and sales, increased margins in a difficult market. Brossette of France increased sales by almost 10 per cent, while OAG of Austria, acquired last year for £56.9m, made a first full year's contribution in line with expectations in a flat Austrian economy.

US profits rose 37 per cent to £47.6m (£34.8m) on a sales increase of only 15 per cent to £920.9m (£801.6m). Trading conditions were excellent, said Mr Lancaster, but it was unrealistic to expect this growth rate to continue with the housing market showing signs of ebbing.

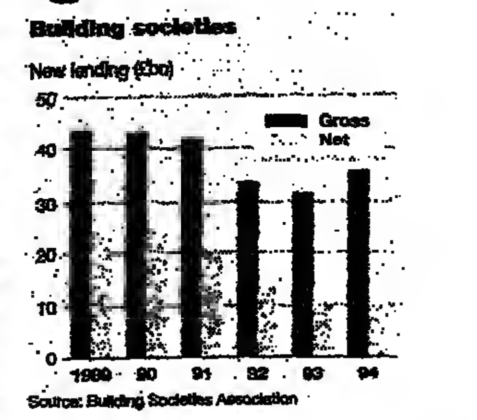
LEX COMMENT

UK mortgage market

Direct Line hopes its telephone marketing techniques can do for mortgages what they did for car insurance. In just six years the company won an 11 per cent market share, in the process devastating competitors' margins. Once again, the group's chief weapon is price. It is offering floating rate mortgages at an initial 7.42 per cent compared with established providers' 8.35 per cent.

Such rates are profitable thanks to the company's low costs. True, the group's funding costs are relatively high. Although Royal Bank of Scotland secures cheap wholesale rates for its subsidiary, funds generated through retail deposits would ba much cheaper. Instead, Direct Line's cost advantage is achieved through low overheads. A single site in Glasgow is far less expensive than, for example, Abbey National's 675 branches.

Initially, Direct Line's impact will be limited. After six months marketing to existing clients, it generated a mortgage book worth only £100m. Abbey can sell that in three days. But mortgage lenders are justifiably worried. Societies and banks have been attracting new customers with discounts and low fixed rates in the hope of fat margins later. Borrowers will now be tempted to switch to Direct Line unless further inducements or lower prices are offered. If Direct Line starts winning significant market share, mortgage companies' margins could be permanently weakened. Large providers would survive. But small societies, already up against the wall, would see the writing thereon still more clearly than before.



Source: Building Societies Association

Glynwed's 48% rise reflects improved industrial sector

By Paul Cheeseright, Midlands Correspondent

Glynwed International, the Birmingham-based engineering group, raised 1994 pre-tax profits by 47.5 per cent and increased its annual dividend for the first time in five years, continuing the trend of improved earnings for UK industrial companies.

Profits rose from £45.5m to £67.1m ($110.m) and the total dividend was lifted from 11.65p to 12.25p with a proposed final payment of 8.1p.

With products including thermoplastic pipe systems, cast iron drain systems, engineering steels and gas cookers, Glynwed, valued by the market at £611m, is a bellwether of engineering companies.

"Any activity directly or indirectly related to the automotive industry and better-off consumers is doing well," said Mr Bruce Ralph, chief executive. But the markets were not so good for products related to new housing construction or the development of infrastructure.

Mr Ralph made clear that Glynwed's results had not been much affected by higher prices of raw materials such as steel, aluminium, and plastics which in recent months has put increasing pressure on the profit margins of industrial groups.

"By and large we managed to pass the increases through [to customers], sometimes with extreme difficulty," he said. Like other engineering groups, Glynwed has been paying increasing attention to raising productivity. Its return on capital rose to 27.3 per cent last year from 18.5 per cent in 1993.

Mr Gareth Davies, chairman, said prospects for steady growth in the UK were "now better than for many years".

Capital expenditure this year is likely to be up 50 per cent from the £22m spent in 1994.

Cautious Saatchi defers dividend

By Diane Summers, Marketing Correspondent

Saatchi & Saatchi, the embattled advertising group, had been on the verge – before its current troubles erupted – of paying a dividend after a four-year gap.

But in a downbeat presentation of the 1994 results and future prospects, Mr Charlie Scott, chief executive and acting chairman, said the board had decided that "it wouldn't be prudent to do so".

It disclosed the dividend disappointment yesterday as it reported pre-tax profits for the year up 69 per cent, from £19.2m to £32.4m.

Mr Scott emphasised uncertainties for the year ahead. The most ominous of these was the level of new business that could be gained to replace the recent loss of the Mars account, worth more than £30m in annual revenue.

The group also faces the possible loss of the British Airways' account, for which it has to repitch next month. Another doubt hangs over interest charges.

Mr Neil Blackley, media analyst with Goldman Sachs, slashed his forecasts for 1995 pre-tax profits from £43m to £27m, and is forecasting between £60m and £40m for 1996.

The group appears to be no nearer finding a chairman to replace Mr Maurice Saatchi who was ousted in December. His departure led to the exodus of several senior staff members and the loss of some clients. Mr Scott, who is temporarily filling the post, said he had "no particular desire to chair the annual meeting" in June but did not want to see the appointment rushed.

Mr Scott acknowledged that his former target of 10 per cent margins by 1995 could not be met.

The last three months had been "upsetting for all associated with the group," said Mr Scott. The top priority had been to reassure clients and staff and to stabilise the position.

Continental growth lifts Delta

By Patrick Harverson

Buoyad by sales to surging economies in continental Europe, Delta reported a big increase in profits for 1994, despite subdued demand in the UK, the cable and engineering group's largest market.

Pre-tax profits climbed from £53.4m to £65.1m ($107m), an increase of 22 per cent, while turnover rose to £898.5m (£832.7m). The results were better than analysts' forecasts and shares rose 18p to 450p.

The gronp said that there had been a "discernible shift in the economic tide" in 1994, with strong growth in continental Europe (especially Germany), the US and the Asia Pacific region compensating for a muted recovery in the UK and a difficult year in the Middle East and South Africa.

Delta's slimmed-down engineering division was the biggest beneficiary of the rebound, with profits rising to £27.7m (£19.9m) on turnover of £331.5m (£306.5m).

The cable businesses continued to suffer from tough price competition, with profits rising slightly to £6.5m (£5.9m), while circuit protection was hit hard hy a sharp downturn in the Middle East, where demand from the construction industry "ground to a halt," said Mr Robert Easton, chief executive. Despite the introduction of several successful new products, Circuit protection profits fell to £14.8m (£15.8m).

Profits in industrial services climbed to £22.3m (£18.4m), thanks to growing demand in the Asia Pacific region.

Gearing fell to 20 per cent (22 per cent) after positive cash flow of £4.1m (£8.1m) despite higher raw material prices.

Volatile Crockfords falls 40%

By David Blackwell

The dice were not rolling quite so well last year for Crockfords, the casino company that was reversed into TV-am in 1993. Pre-tax profits fell nearly 40 per cent, from £23.2m to £14.1m ($23m). Gaming turnover – or the casino win from the total staked – retreated from £51m to £42m.

Crockfords caters for the top end of the gambling market, and relies on the top 10 gamblers for a large proportion of its profits. Mr Garry Nesbitt, chairman, said profits from such a casino in isolation would always be volatile.

The group intends to spread the risk by expanding. In December it paid £18.7m cash for the International Sporting Club from Brent Walker, and it is looking for a third.

Ibstock sells in Portugal

Ibstock, the brick maker, plans to sell its 56.3 per cent stake in Companhia de Celulose do Caima, the Portuguese forestry and pulp company, writes Andrew Taylor.

Ibstock said that, based on Caima's market valuation of about £83m, the stake was worth £46.7m ($77m). The company expects to make a book profit on the sale.

The proceeds will be used to expand brick making capacity by a quarter to 500m bricks a year.

UK brick manufacturers expect to increase production by 14 per cent this year after brick sales in 1994 rose by 11.4 per cent last year to 3.49bn, the highest level for five years.

Ibstock expects to sell the stake to a single investor.

COMPANY NEWS: UK

Acquisitions behind Williams rise to £200m

By Peggy Hollinger

Williams Holdings, the diversified industrial group, warned yesterday that pricing pressure was likely to continue in many of its main markets, although it expected cost control to offset the tough conditions.

The comments came as the company announced annual pre-tax profits in line with expectations of £200.3m, ($328.5m) against £153.2m last time. Sales for the year to the end of December were 15 per cent higher at £1.4bn (£1.2bn).

Mr Roger Carr, chief executive, said Williams would continue with its programme of improving efficiency and squeezing costs. "We are reasonably confident without being complacent," he said. "It is all still about cost reduction. We do not think demand is going to boom."

Williams managed to hold margins at 16 per cent in spite of rising raw material prices.

The stroog increase in pre-tax profits was partly because of six acquisitions in the fire protection and building products divisions, on which Williams spent £212.3m. Profits also benefited from the inclusion, for a full year, of the locks company, Corbin Russwin, purchased in 1993.

European building products, the company's largest division, beoefited from improved markets in continental Europe while the UK remained flat.

In North American building products, the decision to target consumers as well as contractors offset sluggish economic cooditions. The operating return rose by 10 per cent to £43.5m. Mr Carr warned, however, that tighter US economic policies towards the end of the year could dampen growth.

See Lex

CIA advances 24% to £5.3m

CIA, the media buyer, announced pre-tax profits up 24 per cent from £4.28m to £5.3m ($8.7m) for 1994, following further European acquisitions, writes Diane Summers.

The group has 20 offices in 12 countries with recent acquisitions including companies in France, the Netherlands, Belgium and Germany.

Although the volume of business more than doubled, costs increased still further and margins in certain areas decreased.

The company said this year had started well, with the majority of group companies benefiting from the European recovery. Beyond Europe, the group is looking to expand its Hong Kong base, but by developing relationships, before considering significant investments.

Watmoughs ahead on back of new contracts

By Christopher Price

Watmoughs, the printer, lifted 1994 pre-tax profits 30 per cent from £15.4m to £20.1m ($33m) as it won new contracts including the printing of the News of the World colour supplement and BSkyB magazine.

The group reported an upturn across all its markets, with turnover increasing 20 per cent to £179.9m (£149.8m). In the UK, operating profits rose 32 per cent on turnover 14 per cent ahead.

Southern European operations responded well to what the company described as "difficult" trading conditions with operating profits up 53 per cent to £3.57m on turnover 57 per cent higher at £22.2m. Watmoughs Espana, the Spanish subsidiary, won important contracts to supply promotional brochures to two supermarket groups.

In eastern Europe operating profits rose 39 per cent on turnover 55 per cent ahead.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Britton	Yr to Dec 31	121.4	(26.8)	10.88♠	(2.73)	7.44	(6.7)	1.5	-	0.09	2.5†	1.5
BSM	Yr to Dec 31	24.3	(23.6)	4.86	(4.47)	12.8	(11.75)	4.3	May 8	-	6.45	-
CIA	Yr to Dec 31	468.2	(285.1)	5.3	(4.28)	6.56	(6.18)	1.37	May 12	1.227*	1.88	1.714*
Crockfords	Yr to Dec 31	42.2	(51.3)	14.1♥	(23.2♥)	10.27	(16.18)	6	Apr 28	2.5	8	2.5
Delta	Yr to Dec 31	898.6	(832.7)	65.1	(53.4)	27.7	(23.1)	11.2	June 1	10.3	15.5	14.5
Emerald Energy §	Yr to Sept 30	0.33	(0.064)	0.082L♥	(0.06L)	0.03L	(0.58L)	-	-	-	-	-
Erwin	Yr to Dec 31	61.5	(50.9)	6.18	(4.68)	18.04	(15.17)	6	July 3	5.2	8.7	7.5
Everest Foods	6 mths to Nov 30	20.98	(19)	0.234	(0.260)	4.29	(2.88)	1.4	May 5	1.2	-	2.5
Ferry Pickering	Yr to Dec 31	25.8	(25.9)	1.91♥	(2.55L♠)	10.22	(21.02L)	3.85	Apr 28	3.525	5.85	5.625
Furlong Homes §§	Yr to Dec 31	7.54	(5.54)	0.706	(0.309)	19.6	(11.4)	1.2	May 12	-	1.2	-
Glynwed	53 weeks to Dec 31	1,025	(965.8)	67.1	(45.5)	21.34	(14.91)	6.1	June 2	7.5	12.25	11.65
Hall Engineering	Yr to Dec 31	154.8	(146.1)	0.87	(8.6)	2.89L	(17.91)	3.775	Apr 21	3.02	9.5	8.775
Hampden §	Yr to Dec 31	34.3	(30)	0.876	(0.22L)	3.57	(1.47L)	1	June 16	nil	1.2	nil
Inspec	Yr to Dec 31	74.13	(48.99)	13.3	(5.624)	12.81	(5.25)	2.67	-	-	4	-
Kingfisher	Yr to Jan 28	4,888	(4,479)	244.2	(309.3)	25.8	(37.4)	10.8	July 4	10.5	15.2	14.9
Medeva	Yr to Dec 31	239.8	(200.4)	64.2	(46.1)	13.8	(11.4)	2.2	May 24	1.8	3.3	2.7
Mid-States §	Yr to Dec 31	77.6	(63.1)	5.93	(3.47♠)	10	(5.3)	nil	-	nil	nil	0.75
Molyneux Estates	6 mths to Dec 24	3.56	(2.28)	1.03	(0.357)	2.2	(0.84)	1.5	April 25	0.75	-	2
New Guernsey Secs	Yr to Dec 31	53.7	(56.9)	22.2	(28.2)	0.8	(1.1)	1	May 1	1	1	1
Roselyn	Yr to Dec 31	51.3	(48.8)	2.63♠	(2.75♥)	9.1	(9.4)	3.35	May 12	3.25	4.85	4.65
Saatchi & Saatchi ⚹	Yr to Dec 31	775.4	(813.4)	32.4	(19.2)	8.3	(3.7)	nil	-	nil	nil	nil
Watmoughs	Yr to Dec 31	179.9	(149.6)	20.1	(15.4)	20.3	(15.9)	8.1	Apr 28	5.1	7.8	6.6*
Wellington	Yr to Dec 31	47.9	(42.9)	4.06	(2.65)	13.03	(8.28)	4.3	May 24	-	5.5	-
Williams Holdings	Yr to Dec 31	1,393	(1,213)	200.3♠	(153.2)	20.5	(15.4)	8.25†	May 25	7.62	13.5	12.54
Wolseley	6 mths to Jan 31	1,868	(1,543)	117.2	(86.97)	14.21	(11.04)	2.95	July 31	2.36*	-	6.36*
Yorkshire-Tyne Tees	15 mths to Dec 31	297.6	(238.8)	10.5♠	(7.9L)	15.5	(11.1L)	4.7	-	-	4.8	3.3

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Berry Starquest	Yr to Jan 31	227.1	(240.1⚹)	0.114	(0.122)	2.2	(2.3)	2.2	-	2.2	2.2	2.2
Dunedin Income Growth	Yr to Jan 31	623.4	(784.6)	8.96	(8.68)	28.07	(27.39)	17.7	Apr 25	17.35	26.6	26.1
Fleming Mercantile	Yr to Jan 31	300.25	(370.1)	10.1	(9.35)	6.8	(6.38)	1.875	May 1	1.675	6.9	6.7
Sumit	Yr to Dec 31	244	(189)	0.324	(0.303)	4.5	(4.2)	9	June 1	2.3	9.7	3

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. §USM stock. ♠After exceptional charge. ♥After exceptional credit. *Adjusted for scrip issue. §§Rule 4.2. ⚹Comparisons restated. #US market. ⚹US currency.

1994 RESULTS

BONGRAIN

maintains its earnings

before extraordinary items

At a meeting on the 10th of March 1995, the Board of Directors of BONGRAIN S.A. approved the 1994 annual accounts.

Three major factors marked BONGRAIN's activity in 1994:

- strengthened market shares despite near-stagnant consumption leading to weak volume increases and constant pressure on prices,
- improvement in the Group's international performance with positive contributions from the North American activities, clear progress in Brazil, a satisfactory level of activity in Argentina and Australia which, together, make an encouraging income contribution,
- a financial position which remained satisfactory despite the strong disturbances which continue to perturb the financial markets.

In this difficult environment, BONGRAIN's multi-product, multi-country strategy provides a basis for security and growth.

Moreover, throughout the year, the Group continued to push innovation by developing new products both in France and internationally.

in millions of French francs	1994	1993	% change
Net sales	9 672	9 591	+ 0.8
Net operating income	+ 656	+ 592	+10.8
Net financial income and expense	- 56	+ 3	-
Earnings before extraordinary items	+ 601	+ 596	+ 0.8
Extraordinary items	+ 24	+ 145	-
Net earnings excluding minority interests	+ 366	+ 433	- 15.6
Net earnings per share	190.4F	225.6F	-

Net financial income and expense was impacted by two items: falling interest rates which lowered income on the Group's net positive cash position and the accounting currency translation rate which penalised dollar assets.

The valuation methods applied to holdings of bonds no longer has an effect on financial income and expense due to the long-term commitments applicable to these holdings.

It should be remembered that the 1993 net earnings were heavily influenced by the extraordinary gains of FRF 145m.

Capital expenditures amounted to FRF 326m, compared to FRF 290.7m in 1993.

The Bressor group's activities are now included in the consolidation. The acquisitions in Central Europe and the Compagnie Laitière Européenne's activities are not consolidated.

At the shareholders' Annual General Meeting to be held on the 28th of April at BONGRAIN's registered office, the Board of Directors will recommend a net dividend per share of 61 French Francs.

Notice to Holders

NOTICE IS HEREBY GIVEN that, with effect from 17th April, 1995, Morgan Guaranty Trust Company of New York, London office, will cease to act as Fiscal Agent, and the main offices of Morgan Guaranty Trust Company of New York in Brussels and in Frankfurt am Main, ABN-Amro Bank in Amsterdam, Union Bank of Switzerland in Zurich and Morgan Guaranty Trust Company of New York c/o First Trust National Association in St. Paul, Minnesota will cease to be Paying Agents on the following issues:-

The Procter & Gamble Company	The Procter & Gamble Company
U.S.$ 150,000,000	U.S.$ 200,000,000
9 5/8% Notes due January 14, 2001	9 1/2% Notes due February 11, 1998

All holders of Coupons and Notes of the above referenced issues should note that the new Fiscal Agent will be:-

The First National Bank of Chicago, London Branch
27, Leadenhall Street
London EC3A 1AA

Telephone: 0171 438 4270 Telex: 8812825 Facsimile: 0171 867 9186

Kredietbank S.A. Luxembourgeoise in Luxembourg will continue to be a Paying Agent and a new Paying Agent will be:-

First Chicago Trust Company of New York
14 Wall Street, 8th Floor
New York, New York 10005

FIRST CHICAGO
The First National Bank of Chicago

15th March, 1995

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 15.03.95: Pool purchase price £/MWh	Final Prices for Trading on 13.03.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.79	8.95	8.95
0100	8.77	8.06	8.06
0130	9.00	8.03	8.52
0200	10.37	8.03	8.52
0230	8.85	8.03	8.52
0300	8.87	8.06	8.95
0330	8.87	8.89	8.89
0400	8.79	8.88	8.86
0430	8.16	8.83	8.83
0500	8.10	8.82	8.82
0530	8.75	8.81	8.81
0600	8.19	8.83	8.83
0630	8.19	8.82	8.82
0700	8.79	8.83	8.83
0730	8.04	8.87	8.87
0800	8.08	9.00	9.00
0830	10.81	8.04	8.54
0900	11.13	8.73	8.65
0930	11.58	9.98	10.58
1000	12.75	10.37	11.03
1030	12.71	10.57	11.41
1100	12.88	10.85	11.74
1130	12.87	11.14	11.97
1200	12.99	11.24	12.10
1230	12.72	11.07	11.87
1300	12.31	10.73	11.45
1330	9.37	10.23	10.84
1400	9.24	10.06	10.82
1430	9.15	9.23	9.23
1500	9.13	9.20	9.20
1530	9.14	9.21	9.21
1600	9.34	9.39	9.39
1630	11.44	11.06	11.84
1700	13.05	17.98	20.78
1730	15.85	35.35	41.86
1800	16.88	46.61	56.94
1830	28.91	46.81	56.67
1900	32.39	34.34	39.77
1930	31.73	21.19	23.87
2000	26.14	14.31	15.43
2030	16.32	10.28	10.89
2100	10.01	9.79	10.31
2130	10.72	8.65	10.15
2200	9.04	9.44	9.84
2230	8.88	9.11	9.11
2300	8.79	9.06	9.08
2330	8.75	8.82	8.82
2400	8.16	8.83	8.83

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0116 [illegible] between 8:30am and 6:15pm Monday to Friday.
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LATIN AMERICAN INCOME COMPANY
Sicav
Registered Office:
47 Boulevard Royal, Luxembourg

Shareholder of LATIN AMERICAN INCOME COMPANY (the "Company") are hereby informed that the Board of Directors of the Company decided on March 7, 1995 to suspend the net asset value calculation and the issue and the redemption of shares of the Company due to the illiquidity of a substantial portion of the investments of the Company. Further, on March 10, 1995, the Board of Directors decided to convene a shareholders' meeting to consider the liquidation of the Company.

Shareholders will receive formal notice of the shareholders' meeting in accordance with the provisions set forth in the constitutional documents of the Company.

The Board of Directors

Ambroveneto International Bank Ltd

US$ 150,000,000 Floating Rate Notes due 2004

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from March 15, 1995 to June 15, 1995 the Notes will carry an Interest Rate of 6.9375% per annum.

The Coupon Amount payable on the relevant Interest Payment Date, June 15, 1995 will be US$ 17.73 per US$ 1,000 nominal amount of Note, US$ 177.29 per US$ 10,000 nominal amount of Note and US$ 1,772.92 per US$ 100,000 nominal amount of Note

The Agent Bank
KBL Kredietbank Luxembourg

NACIONAL FINANCIERA, S.N.C.,
Trust Division
as trustee of the Nafin Finance Trust
(a trust under the laws of Mexico)

US$200,000,000 Guaranteed Floating Rate Notes due 1997
Unconditionally and Irrevocably Guaranteed by

NACIONAL FINANCIERA, S.N.C.

Notice is hereby given that the Rate of Interest has been fixed at 8.8125% and that the interest payable on the relevant Interest Payment date June 15, 1995 against Coupon No. 10 in respect of US$10,000 originally issued face amount of the notes will be US$65.50.

March 15, 1995
By: Citibank, N.A., (Issuer Services), Agent Bank CITIBANK

The Chase Manhattan Corporation
U.S. $400,000,000
Floating Rate Subordinated Notes due 2009

For the three months 14th March, 1995 to 14th June, 1995 the Notes will carry an interest rate of 6.4375% per annum with a coupon amount of U.S. $164.51 per U.S. $10,000 Notes, payable on 14th June, 1995.

Bankers Trust Company, London — Agent Bank

Notice to the Holders of
U.S.$40,000,000 3 per cent. Convertible Bonds due 2000 (the "Bonds")
issued by

YAMATO TRANSPORT CO., LTD.
(the "Company")
"Adjustment of Conversion Price"

Notice is hereby given pursuant to the Trust Deed dated 28th February, 1985 relating to the Bonds that the Company resolved at the meeting of the Board of Directors held on 1st March, 1995 to make a stock split in the form of free share distribution of Shares on 19th May, 1995 to shareholders on the register of shareholders or of beneficial shareholders as of 31st March, 1995 (Japan time) at the ratio of one point one (1.1) Shares for one (1) Share.

As a result of such stock split, the Conversion Price will be adjusted as follows:

1) Conversion Price before adjustment: Yen 696.60 per share
2) Conversion Price after adjustment: Yen 633.30 per share
3) Effective Date of the adjustment: 1st April, 1995 (Japan time)

YAMATO TRANSPORT CO., LTD.
16-10, Ginza 2-chome, Chuo-ku, Tokyo, Japan
By: THE FUJI BANK AND TRUST COMPANY
as Disbursement Agent

15th March, 1995

IRELAND

US$500,000,000
Floating rate notes
due September 1998

In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 15 March 1995 to 15 September 1995 the notes will carry an interest rate of 6.38% per annum. Interest payable on 15 September 1995 will amount to US$326.09 per US$10,000 note and US$8,152.22 per US$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

COMMODITIES AND AGRICULTURE

Brazilian crop forecast reverses coffee rally

By Richard Mooney

A higher-than-expected Brazilian crop forecast by the US Department of Agriculture sent coffee futures tumbling in London yesterday.

The London Commodity Exchange's May delivery position, which on Monday had touched a four-month high of $3,348 a tonne, dipped to $3,100 before steadying to close at $3,209, down $62 on the day.

In its latest assessment, released on Monday night, the USDA put the Brazilian 1995-96 crop at 16.7m to 18.2m bags (60kg each), compared with the 15.7m to 17.7m bags it had suggested in its December report.

The department's 1994-95 crop forecast was 26m bags, unchanged from its December figure, but two severe frosts and a protracted drought last year damaged the flowers that will form the beans for the next crop.

USDA field reports from Minas Gerais, Brazil's main coffee producing state, indicated that optimal rainfall since November, in both amount and distribution, plus adequate care and inputs had produced lush vegetative growth on the trees and satisfactory "cherry setting".

Brazil's agriculture minister, Mr Jose Eduardo Andrade Vieira, said in London yesterday that the USDA's latest projection was "unrealistic". Recent trade estimates in Brazil have put the 1995-96 crop at between 14m and 16m bags.

London traders were unimpressed meanwhile with the Association of Coffee Producing Countries' renewed export retention scheme, also announced on Monday night. Some thought the triggers of US$1.65-a-pound for retaining the full 20 per cent of arabica exports and $1.35 for robustas conld prove unrealistically high. "One origin has only to stray from the rules and they will all follow," one suggested. "A lot of the producers need the money."

Molybdenum output cut pays dividends

The metal's price has recently risen to a 15-year high, writes Kenneth Gooding

An example of the dramatic impact on producers' earnings of the recent startling rise in molybdenum prices to the highest level for 15 years was given yesterday by Mr John Willson, president of Placer Dome, the Canadian mining group.

He said that if, as seemed possible, the molybdenum price received by Placer Dome averaged US$10 a pound this year – compared with the $4.50 it collected in 1994 – the group's molybdenum business would make profits before tax of about US$100m. That compares witb total operating earnings of $161m reported for last year.

The price of molybdenum, a metal used to strengthen some iron and steel products, particularly those used at high temperatures, has soared to its highest level since 1980 because of strong demand and substantial output cuts by US producers. It dropped to a low point of $1.90 a pound in January 1993, since when high-cost producers have been forced out of business and others have shut down capacity temporarily.

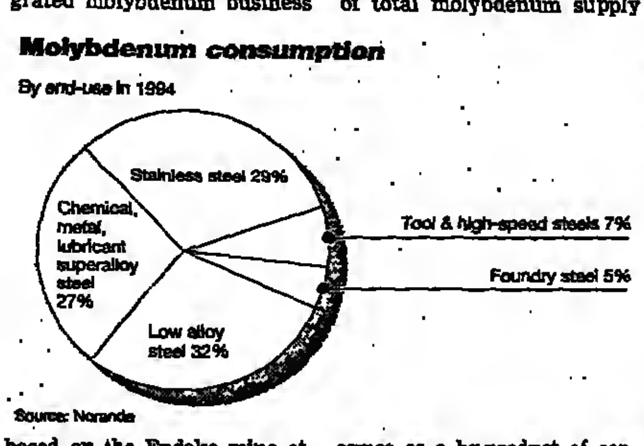
The metal has recently been changing bands in the spot market for $16.50 a pound.

Although molybdenum usually accounts for less than 3 per cent of the weight of the iron or steel alloys in which it is used, some steel producers already have been imposing "molybdenum surcharges" to cover some of the extra cost they face.

Placer Dome is best known for being North America's second-largest gold producer but it has a relatively small, integrated molybdenum business

Molybdenum consumption

By end-use in 1994



Source: Noranda

based on the Endako mine at Fraser Lake in British Columbia. Endako prodnces about 14.5m lb of molybdenum a year which is converted into premium priced products sold mainly to Japanese steel producers.

Mr Willson said during "roadshow" presentations in London that he did not expect present high molybdenum prices to last more than a year – but neither did be expect prices to collapse as they did in 1992 to the lowest level since commercial mining began.

Much depends on Mr Milt Ward, chairman of Cyprus Amax, the world'a largest molybdenum producer, accounting for about 40 per cent of supply.

He has a particularly difficult balancing act to perform because more than two thirds of total molybdenum supply comes as a by-product of copper mining and it will continue to reach the market as long as copper prices make that metal worth mining. Cyprus and other owners of molybdenum mines have been forced to become a "swing" suppliers: in other words they make up the difference between by-product molybdenum supply and total demand.

Cyprus, the second largest US copper producer, boosted its molybdenum output as prices began to rise sharply in the last quarter of 1994 and it started 1995 aiming to produce about 80m lb, compared with 57m last year. However, Cyprus said last month it would also restart quickly some output at the Climax molybdenum mine near Leadville, Colorado, which has not produced since 1985. Climax would produce "between 5m and 10m lb annually".

Analysts suggest that Mr Ward will not wish to swamp the molybdenum market but will try to keep Cyprus's output at a level likely to allow the price to stabilise at about US$8 a pound.

Molybdenum prices were forced down when the former eastern bloc countries, which previously were net importers of about 20m lb of the metal a year, became net exporters of about 10m lb. This followed the collapse of the former Soviet Union's economy and a big increase in exports by China, which had to dig into its stocks. This 30m lb change was equal to 15 per cent of the western market.

To compensete, primary molybdenum producers cut production in 1993 by 37 per cent to 38m lb and pushed the market from a supply surplus to a deficit. Eventually, in the last quarter of 1994, prices started to climb because of molybdenum shortages.

Cyprus says its increased output will begin to be felt in the market in April. Asarco, another big US copper producer, is also re-activating molybdenum capacity – at its Mission mine in Arizona. The mine is expected to yield about 1.56m lb a year and to pay back the $1m capital cost of re-opening its molybdenum circuit in less than a month.

Mr Richard Osborne, Asarco's president, admits the move, which will take the group's total molybdenum output this year to about 9.7m lb, is "opportunistic" and says that if the price went low enough the circuit would be shut down again. Last year Asarco realised an average of $8.31 a pound for its molybdenum, up from $2.38 in 1993.

Each $1 a pound change in the molybdenum price will have an impact of 13 cents a share or $5.47m on Asarco's annual earnings this year, and nearly 15 cents, or $6.3m, in 1996. The group's net earnings a share last year were $64m or $1.53 a share.

Mr Tim Outteridge of Noranda Sales Corporation recently suggested that molybdenum demand might rise by about 4 per cent from an estimated 216m lb last year to 225m in 1995 and grow to 237m in 1996. It would take some time for producers to bring additional capacity on stream but there was "abundant viable capacity" and in due course stability would return to the market. He insisted: "Stability is beneficial to producers and consumers alike". Traders point out, however, that in the past molybdenum had enjoyed one boom year followed by five when prices had been extremely depressed.

Australian move defuses beef trade dispute with Canada

By Nikki Tait in Sydney

A two-year-old trade dispute between Australia and Canada was partially resolved yesterday when Ottawa agreed to give Australian producers a guaranteed share of its recently-imposed tariff-free quota for beef imports.

Under the agreement, Australia will be allowed to supply a guaranteed 42,000 tonnes of beef from January 1 next year. This amounts to over half of Canada's total annual quota of 76,409 tonnes from countries not in the North American Free Trade Agreement. However Canada has supplemented the quota figure on an *ad hoc* basis in the past couple of years to meet domestic requirements. In 1995, for example, the tariff-free quota will actually be 110,000 tonnes.

The Australian agreement follows an earlier pact with New Zealand producers who have negotiated a "country quota" of 27,600 tonnes. Both countries are still free to compete with other suppliers for the remaining 6,809 tonnes of the quota – and any supplementary amount offered on a one-year basis.

Imports above the quota level currently incur a tariff of 38 per cent, although the rate is due to fall to 31.1 per cent over the next six years.

Canada imposed quotas on beef imports in 1993 after the Canadian International Trade Tribunal determined that there would be a threat to the Canadian beef industry if imports continued at prevailing levels. Australia, backed by the European Union, protested to the General Agreement on Tariffs and Trade but Canada justified its ection under the "safeguards" rule.

For Australia, the Canadian ection was significant setback. Its two big beef export markets have traditionally been the US and Japan. However, Canada was running in third place, and growing quickly. In 1992-93 Australian exports to Canada amounted to more than 91,000 tonnes. The following year, the figure fell to less than 60,000 tonnes.

Yesterday's agreement came after a meeting between Senator Bob McMullan, Australia's trade minister, and Mr Roy MacLaren, his Canadian counterpart. Australian trade officials said there had been no "*quid pro quo*" over Canadian pork and smoked salmon imports into Australia, where Canada has been complaining about quarantine restrictions. However, Australian officials are understood to have provided assurances over the timetable for reviewing quarantine regulations.

● Mr Don McGauchie, president of Australia's National Farmers Federation yesterday attacked "protectionist" trade policies to support the US farm sector.

"Despite the Congress vote for the Uruguay Round legislation, many of our agricultural industries, such as meat and sugar, are still finding it tough to gain a foothold in the US market because of import barriers and subsidised domestic production," he said.

Mr McGauchie has been in the US lobbying for a cut in subsidies.

MARKET REPORT

Copper fails to break higher

London Metal Exchange COPPER prices failed to build on a break above $2,920 a tonne for three months delivery yesterday and the market relinquished early gains to end little changed.

Traders said the upside move was inconclusive because the price wes unable to move through $2,930 and trigger stop-loss buying orders believed to be lurking in the $2,930 to $2,950 a tonne region.

At the end of after hours "kerb" trading the three months price, which had touched $2,929 a tonne, stood at $2,917, up just $1 on the day.

Meanwhile ALUMINIUM'S three months price hit resistance as it attempted to test resistance et $1,880 a tonne. News that the recent strike at Kaiser Aluminium facilities in the US had affected some downstream production had little impact as the price slid with copper to end et $1,847, a $17.50 decline.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	-21,275	to 1,301,450
Aluminium alloy	-840	to 27,700
Copper	-4,575	to 261,475
Lead	-2,175	to 304,150
Nickel	-942	to 127,362
Zinc	-9,825	to 1,062,275
Tin	-395	to 23,785

Three months NICKEL consolidated around the $7,700 level during a slow afternoon, having eased from midsession highs in line with the general trend.

The ZINC market was initially higher, encouraged by the announcement of a healthy 9,825-tonne fall in LME warehouse stocks. The three months position neared $1,060 in the morning but then fell away with copper, ending at $1,046 a tonne, down $3.

The precious metals markets took little notice of lower-than-forecast US economic figures as they continued to consolidate on the steadier dollar. A brief flurry of business followed the release of the February retail sales figure, which showed a 0.5 per cent decline, compared with the consensus forecast a 0.1 per cent increase.

The GOLD price closed in London at $384.90 a troy ounce, down 60 cents, while SILVER was 3 cents off at $4.69½.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1827-27.5	1869.5-70.0
Previous	1819-20	1860-61
High/low		1873/1840
AM Official	1827-27.5	1869.5-70.0
Kerb close		1847-8
Open int.	213,007	
Total daily turnover	88,801	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1815-20	1840-45
Previous	1810-20	1835-40
High/low		1850/1820
AM Official	1815-20	1840-45
Kerb close		1820-30
Open int.	2,877	
Total daily turnover	1,290	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	576.5-77.0	591-92
Previous	566-67	583-84
High/low	576.5	592/583
AM Official	576.5-77.0	591-92
Kerb close		585-6
Open int.	37,744	
Total daily turnover	8,625	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7570-75	7725-28
Previous	7610-20	7750-60
High/low	7572	7790/7675
AM Official	7570-75	7725-28
Kerb close		7695-700
Open int.	58,657	
Total daily turnover	13,699	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5525-30	5600-10
Previous	5485-90	5560-61
High/low	5540/5530	5640/5430
AM Official	5525-30	5600-10
Kerb close		5600-10
Open int.	18,524	
Total daily turnover	4,519	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1025-26	1053-54
Previous	1017-18	1044-45
High/low		1057/1044
AM Official	1025-26	1053-54
Kerb close		1045-6
Open int.	98,396	
Total daily turnover	25,524	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2936.5-37.0	2926.5-27.5
Previous	2919-20	2913-14
High/low		2930/2910
AM Official	2936.5-37.0	2926.5-27.5
Kerb close		2916-7
Open int.	234,110	
Total daily turnover	69,585	

■ LME AM Official £/$ rate: 1.5855
LME Closing £/$ rate: 1.5870

Spot:1.5870 3 mths:1.5858 6 mths:1.5818 9 mths:1.5772

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	140.50	+0.80	141.40	140.50	5,306	861
Apr	137.15	+0.25	-	-	1,692	24
May	134.80	-0.10	136.20	134.80	22,825	7,639
Jun	132.60	-0.30	133.20	132.60	808	8
Jul	130.50	-0.40	131.90	130.50	5,964	650
Aug	128.45	-0.70	129.60	128.45	367	3
Total					45,538	10,974

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	384.70-385.10		
Opening	385.50-385.90		
Morning fix	385.20	242.417	452.880
Afternoon fix	384.70	242.774	452.830
Day's High	385.40-385.80		
Day's Low	384.10-384.50		
Previous close	385.30-385.70		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.23	6 months	4.92
2 months	4.45	12 months	5.36
3 months	4.60		

Silver Fix	p/troy oz.	US cts equiv.
Spot	298.00	471.75
3 months	301.95	477.60
6 months	307.20	484.80
1 year	318.55	501.15

Gold Coins	$ price	£ equiv.
Krugerrand	390-393	245-248
Maple Leaf	396.35-398.80	
New Sovereign	90-93	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls.)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	47.375	+2.000	47.375	45.100	497	83
May	47.925	+2.000	47.925	45.800	4,731	1,894
Jul	47.825	+2.000	47.825	45.600	1,742	392
Aug	45.200	+2.000	45.200	43.350	432	103
Feb	53.650	+2.800	53.650	52.000	85	1
Mar	51.500	+1.500	51.500	51.500	0	5
Total					7,739	2,771

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep
1800	137	181	86	120
1850	112	157	110	145
1900	90	136	138	171
■ COPPER (Grade A) LME	Jun	Sep	Jun	Sep
2700	190	145	15	63
2800	148	100	33	111
2900	85	62	70	170
■ COFFEE LCE	May	Jul	May	Jul
3000	253	292	43	154
3050	218	264	58	165
3100	185	239	75	175
■ COCOA LCE	May	Jul	May	Jul
1025	16	38	54	70
1050	10	30	73	87
1075	6	23	94	105
■ BRENT CRUDE IPE	Apr	Jul	Apr	Jul
1650	-	57	7	66
1700	-	39	47	100
1750	-	24	-	135

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr)		+or-
Dubai	$16.05-6.08z	-0.110
Brent Blend (dated)	$16.25-6.29	-0.080
Brent Blend (May)	$16.44-6.46z	-0.060
W.T.I. (1pm est)	$17.91-7.93	

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$172-174	+1
Gas Oil	$144-145	-2
Heavy Fuel Oil	$105-107	-2
Naphtha	$176-177	+1
Jet fuel	$165-167	-2
Diesel	$148-149	-1

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER		
Gold (per troy oz)♣	$384.90	-0.60
Silver (per troy oz)♣	469.50c	-3.00
Platinum (per troy oz.)	$422.00	+0.25
Palladium (per troy oz.)	$158.75	+0.25
Copper (US prod.)	144.0c	+1.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	13.99m	
Tin (New York)	259.50c	-1.00
Cattle (live weight)†	121.78p	n/c *
Sheep (live weight)†♣	125.65p	+3.05*
Pigs (live weight)	93.69p	+1.81*
Lon. day sugar (raw)	$365.3	+7.5
Lon. day sugar (wte)	$388.2	+5.7
Tate & Lyle export	£345.0	+4.0
Barley (Eng. feed)	£105.0q	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Apr)♥	120.75p	+0.50
Rubber (May)♥	120.75p	+0.50
Rubber (KL RSS No1)	457.5m	+1.0
Coconut Oil (Phil)§	$650.0y	-2.5
Palm Oil (Malay.)§	$687.5z	+5.0
Copra (Phil)§	$422.0y	+6.0
Soyabeans (US)	£167.0y	+1.0
Cotton Outlook'A' index	112.90c	
Wooltops (64s Super)	522p	

INDICES

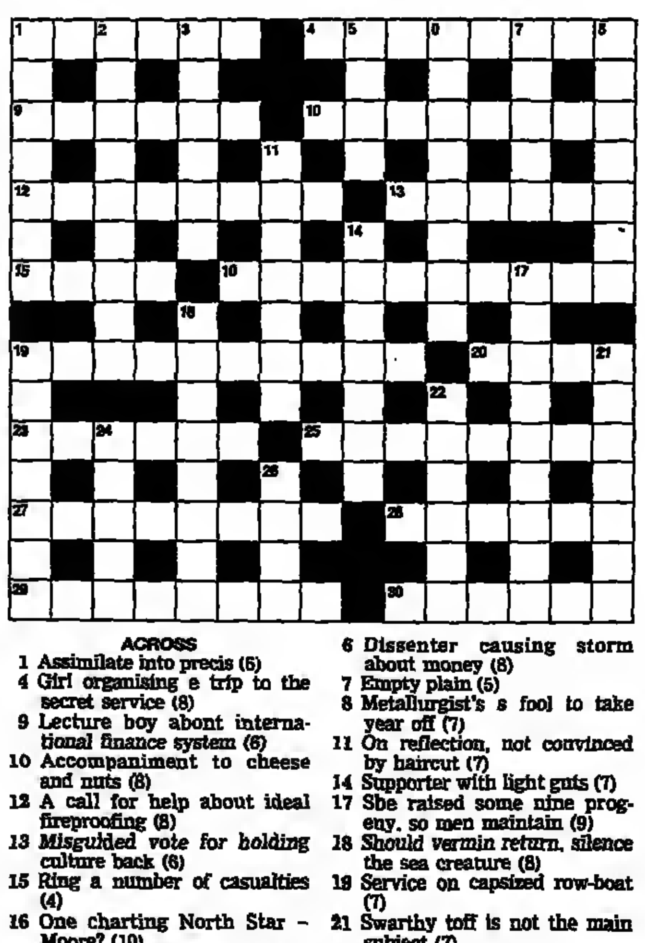
■ REUTERS (Base: 18/9/31=100)

■ CRB Futures (Base: 1967=100)

JOTTER PAD

CROSSWORD

No.8,711 Set by DOGBERRY



ACROSS

1 Assimilate into precis (6)
4 Girl organising a trip to the secret service (8)
9 Lecture boy abont international finance system (6)
10 Accompaniment to cheese and nuts (8)
12 A call for help about ideal fireproofing (8)
13 Misguided vote for bolding culture back (6)
15 Ring a number of casualties (4)
16 One charting North Star – Moore? (10)
19 Third wives arranged tournament (5,5)
20 What hunters and gatherers do (4)
23 Rearrange Whitby, say? (6)
25 Drink hard, in company, with sailors' old instrument (8)
27 Girl in welcome party recoiling from Elephant Man (8)
28 Barrier to legendary Rover's featuring in England comeback (6)
29 Grip prize money, drinking tea (8)
30 Show disloyalty is a fault (6)

DOWN

1 Line on top of hill in hollow (7)
2 Union promoter's fisb unadorned in 2 (9)
3 Other half drink, keeping quiet (6)
5 Headless girl's emanation (4)
6 Dissenter causing storm about money (8)
7 Empty plain (5)
8 Metallurgist's a fool to take year off (7)
11 On reflection, not convinced by haircut (7)
14 Supporter with light guts (7)
17 She raised some nine progeny, so men maintain (9)
18 Should vermin return, silence the sea creature (8)
19 Service on capsized row-boat (7)
21 Swarthy toff is not the main subject (7)
22 Come ont of seed-core and germ (6)
24 Echo-sounder cootrolled substantial turn (5)
26 Get through amorous proposal (4)

Solution 8,710

F	A	U	X	P	A	S		P	I	G	M	E	N	T
L		P		A		O		I		U		A		I
A	P	H	I	S		A	C	Q	U	I	T	T	E	D
C		E		T		P		U		L		E		D
C	H	A	P	E	R	O	N	E		T	O	N	A	L
I		V				P				L				E
D	E	A	T	H		E	G	G	B	E	A	T	E	R
		L		I		R		A		S		E		
D	E	S	P	E	R	A	D	O		S	U	S	H	I
I				R				L				T		D
V	I	L	L	A		H	I	B	E	R	N	A	T	E
I		D		R		E		I		I		M		A
D	E	C	K	C	H	A	I	R		D	W	E	L	L
E		A		H		R		D		G		N		L
D	E	L	A	Y	E	D		S	W	E	E	T	L	Y

INTERNATIONAL CAPITAL MARKETS

US Treasuries jump on weak retail sales data

By Richard Waters in New York and Graham Bowley and Antonia Sharpe in London

Long-dated Treasury bonds jumped by nearly a point yesterday morning in New York amid a growing belief that the Federal Reserve will not act to raise US interest rates again later this month.

A weak retail sales report for February sparked the buying, lifting the benchmark 30-year Treasury bond up by ¾ to 102¾ and pushing the yield down to 7.39 per cent by midday, a fall of 7 basis points from late the day before.

The gains were greatest at the longer end of the yield curve: two-year bonds rose by 3/32 to 100 1/32, bringing the yield to 6.683 per cent.

After a 0.6 per cent rise in retail sales in January, revised upwards from the originally reported 0.2 per cent, consumer spending dipped in February.

Retail sales fell 0.5 per cent during the month, or by 0.4 per cent excluding cars. The bond markets had been expecting a further small rise in spending.

The revision to the January figures, however, showed that spending so far this year remained firm in some areas, such as general merchandise and food and groceries.

The market rally was also supported by a steady dollar, which inched up against the yen and D-Mark, and continuing signs that Mexico's economic adjustment programme, announced late last week, had helped to stabilise the country's financial markets.

The jump in bond prices comes ahead of two other pieces of information which will help to determine the course of Fed policy in the coming weeks: today's producer price index figures, which are expected to show a rise of about 0.2 per cent, and tomorrow's consumer price figure, which is expected to show an increase of 0.3 per cent.

■ European government bond markets rallied yesterday, buoyed by the gains made in US Treasuries on the back of the weak US retail sales data.

However, traders doubted whether the upward momentum within Europe could be maintained with few domestic European factors driving yesterday's rise.

European markets will continue to take their lead from the US, dealers said, and attention will today be on the key producer price data, as well as industrial production and capacity utilisation figures.

"These figures together should give us a clue as to what the [US Federal Reserve] is likely to do with interest rates when it meets next later this month," said one dealer.

■ German bunds advanced strongly with the June futures contract on Liffe up 0.82 at 91.38 in late trading.

Dealers reported some switching from short-dated to longer-dated maturities. "The long end has suffered fairly badly in recent days and now looks cheap, while the short end has been well bid," said one trader.

■ French government bonds were dragged higher by the general positive tone within Europe with the June notional futures contract on Matif up 1.24 at 111.76. The yield spread over bunds narrowed to 75 basis points.

■ Indications in the CBI survey that UK domestic demand was slowing pushed up UK government bonds by as much as a point yesterday. The survey's findings, together with a firmer US Treasury market, also boosted trading volume in gilts, analysts said.

The survey prompted some analysts to revise downwards their forecasts for UK February retail sales figures, which are due today. The consensus is for a rise of 0.4 per cent on the month and a year-on-year rise of 2 per cent.

Average earnings data for January are also due today. Ms Katy Peters of Daiwa said a rise of 4 per cent or more would be a blow to the market. Mr Simon Briscoe at S.G. Warburg agreed, saying a strong average earnings number would highlight the dilemma of a pick-up in inflation just as economic activity was slowing.

On Liffe, the long gilt future went to the day's high of 102 26/32 but traded around 102 14/32 in the late afternoon, a rise of 16/32 on the day, in above-average volume of over 82,000 contracts.

Mr Briscoe noted that the future would struggle to rise above 103 where there was strong chart resistance.

The details of the Bank of England's next gilt auction are expected to be announced on Friday. An auction of five-year gilts is anticipated.

■ Data indicating that consumer price inflation is under control pushed Spanish government bonds higher after a 50 basis points increase in the 10-day repurchase rate caused some early jitters.

Dealers had feared that the rise was not enough but their nerves were calmed by the weak price data.

■ In Italy, government bonds rose in line with the rest of Europe, with dealers reporting some switching from shorter- to longer-dated maturities.

However, traders said the rise is likely to be short-lived. "There are still big risks in Italy," said one dealer.

■ South African government bonds strengthened yesterday before today's budget, with dealers and investors confident that the government will continue its commitment to fiscal prudence.

The yield on the R150 benchmark government long bond fell back to 16.41 per cent from 16.55 per cent at the opening of trade.

GOVERNMENT BONDS

Morocco to set up secondary market

Morocco is close to setting up a secondary market for bonds, which should be in place before the end of 1995, finance minister Mr Mohamed Kabbaj said yesterday, Reuter reports from Casablanca.

In a speech read on his behalf at a meeting of UK and Moroccan businessmen, he said a foreign exchange market was also envisaged. This would entail full convertibility of the Moroccan dirham, which is at present convertible for foreign investors and Moroccans operating abroad.

Mr Abdelatif Loudiyi, director of the treasury and external finance, said on behalf of the minister that Morocco planned to issue transferable securities and treasury bills by auction.

"This would lead to the emergence of a secondary market which would operate on the basis of supply and demand," Mr Loudiyi said. "We hope it will be in place before the end of this year."

Brokers say there is a lack of interest in government bonds and securities because of the absence of a regulated market. They expect business to take off once a secondary market is in place.

A forex market and full dirham convertibility have long been called for by Moroccan companies and foreign companies doing business in Morocco because they are unable to hedge against currency fluctuations.

Asked whether there were any plans to devalue the dirham because of the devaluation of the Spanish peseta, Mr Loudiyi said the loss in the value of the Spanish currency had negative repercussions for the dirham and for Moroccan trade. The dirham is pegged to a basket of currencies, which includes the peseta, the Portuguese escudo, the dollar, the French franc and the D-Mark.

Some exporters have said the devaluation of the peseta has put them at a disadvantage against the Spanish, who compete with Morocco in the export of citrus fruits and tomatoes to EU countries.

● Morocco has extended its deadline for selling off 114 state enterprises beyond 1995 and will add state firms from sectors not originally slated for privatisation, Morocco's privatisation minister said. Morocco has raised Dh6bn ($700m) from the sale of 30 state companies since 1993.

The country's two oil refineries have been added to the government's privatisation list. Maritime transport, the state-owned airline Royal Air Maroc and the telecommunications sector are also expected to be included.

Japanese MoF to extend lock-up deregulation

Japan's Ministry of Finance will announce by the end of March when it will abolish a "lock-up" rule on purchases of Euroyen bonds issued by foreign entities, including Japanese firms' overseas units, Reuter reports from Tokyo.

Currently, Japanese investors must wait for three months before buying Euroyen issues from borrowers other than non-resident sovereigns.

Abolition of this lock-up period was part of the MoF's deregulation package unveiled yesterday and will be the next step after the January 1994 easing of the lock-up period on Euroyen bonds issued by foreign sovereign entities.

The MoF scrapped part of the restriction in January 1994, allowing Japanese investors to purchase Euroyen issues by foreign governments and supranational institutions immediately after the issue.

However, the restrictions on purchases of Euroyen bonds issued by resident borrowers will remain, the ministry said.

Ratings required for domestic borrowers to issue bonds overseas will also be abolished, as will those required when they issue bonds in Japan.

Currently, Japanese companies rated below triple B may not issue bonds overseas.

The ministry also said it will ease permission procedures for issuance of Euroyen bonds and samurai bonds issued by foreigners as well as overseas bond issuance by Japanese borrowers. The new system will be introduced after April 1995.

State Bank of NSW raises A$150m

By Martin Brice

The State Bank of New South Wales entered a quiet euromarket yesterday with its first bond issue since it was privatised this year. It retains its AAA rating.

INTERNATIONAL BONDS

The A$150m five-year issue carries a coupon of 10.25 per cent. Lead manager Deutsche Bank reported demand from Germany, Switzerland, the Benelux region and Japan and non-Japan Asia, with some UK sales.

The UK interest suggests that spreads between the Australian and US dollar sectors have moved to a point where Australian dollar deals look attractive. Around A$700m of bonds are due to mature before the payment date.

The issue closed the day trading well within fees, with one syndicate manager describing it as "an attractive name at an attractive pricing".

Following the recent falls in the Nikkei index, two Japanese companies brought deals with warrants.

Nikko Europe handled the $100m, four-year deal for Nippon Comsys Corporation with a coupon of 3¾ per cent.

Crédit Suisse brought a SFr60m, four-year deal for Nippon Piston Ring with a coupon of 3⅜ per cent.

With swap spreads remaining tight and arbitrage opportunities severely limited, syndicate managers' attention is concentrated on the few forthcoming deals being lined up.

The strength of the D-Mark has focused attention on this sector, with the Spanish region of Valencia, the World Bank and Italy said to be talking to bankers.

A clause in the documentation for the Ecu5bn syndicated loan currently in the market is believed to be preventing Italy from entering the bond market until April. Italy is seeking a deal of at least DM1bn.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Nippon Comsys Corp.(a)ϕ	100	3.75	100.00	Mar.1999	2.25	-	Nikko Europe
SWISS FRANCS							
Nippon Piston Ring(b)ϕ*	60	3.375	102.50	Mar.1999	1.625	-	Credit Suisse
AUSTRALIAN DOLLARS							
State Bank of New South Wales	150	10.25	101.75	Apr.2000	2.00	-	Deutsche Bank London

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. ϕWith equity warrants. F: fixed re-offer price; fees shown at re-offer level. a) Fixing: 22/3/95. b) Fixing: 20/3/95.

China fund in first disposal

By Antonia Sharpe

Kleinwort Benson's China Investment and Development Fund has made its first disposal with the sale of its entire interest in Shanghai Intl Storage Battery to Yuasa Corporation, one of Japan's largest manufacturers of batteries.

The sale realised $4.9m in cash after expenses and a profit of about $800,000, equivalent to 10 cents a share based on the current issued share capital.

Mr Robin Fox, the fund's chairman, said proceeds of the sale would be re-invested when a suitable opportunity arose.

The fund, which was launched in 1992, has $85m under management, of which $20m is not invested. Shanghai Battery, which supplies car batteries to Volkswagen's car plant in Shanghai, was the fund's first investment.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.5000	+0.290	10.08	10.31	10.23
Austria		7.500	01/05	99.5400	+0.440	7.56	7.67	7.75
Belgium		7.750	10/04	97.3200	+0.980	8.15	8.38	8.33
Canada *		9.000	12/04	102.8000	-0.100	8.57	8.93	9.23
Denmark		7.000	12/04	87.4700	+1.220	8.97	9.12	8.94
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	96.3900	+1.160	8.02	8.35	8.11
Germany Bund		7.375	01/05	100.6400	+0.640	7.27	7.47	7.47
Ireland		6.250	10/04	82.9500	+0.700	8.81†	8.80	8.79
Italy		9.500	01/05	80.5000	+0.120	13.08	13.12	12.00
Japan	No 119	4.800	06/99	105.1410	-	3.47	3.43	4.04
	No 174	4.600	09/04	103.4190	-0.360	4.10	4.08	4.71
Netherlands		7.750	03/05	102.2800	+0.740	7.42	7.61	7.63
Portugal		11.875	02/05	99.7000	+0.450	11.92	11.66	11.64
Spain		10.000	02/05	87.4100	+0.410	12.23	12.49	11.73
Sweden		6.000	02/05	70.2110	+0.420	11.11	11.27	10.89
UK Gilts		8.000	08/99	91-07	+18/32	8.44	8.73	8.51
		8.500	12/05	98-26	+31/32	8.53	8.83	8.57
		9.000	10/08	103-27	+34/32	8.52	8.80	8.53
US Treasury *		7.500	02/05	102-20	+16/32	7.12	7.44	7.68
		7.625	02/25	102-23	+24/32	7.40	7.64	7.77
ECU (French Govt)		6.000	04/04	84.3500	+0.940	8.54	8.81	8.54

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
Prime rate	9	One month	5.95	Two year	6.68
Broker loan rate	6¾	Two month	5.92	Three year	6.80
Fed.funds	5⅝	Three month	5.93	Five year	6.84
Fed.funds at intervention	-	Six month	6.18	10-year	7.11
		One year	6.39	30-year	7.39

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	110.74	111.76	+1.24	111.80	110.72	200,563	122,897
Sep	110.38	111.42	+1.24	110.68	110.38	220	4,909
Dec	110.16	111.20	+1.24	110.16	110.16	2	1,400

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
110	-	2.20	-	0.33	0.70	-
111	0.97	1.50	1.80	0.75	1.02	1.50
112	0.46	0.98	-	-	1.66	1.73
113	0.12	0.63	-	-	-	-
114	-	-	0.53	-	-	-

Est. vol. total, Calls 32,473 Puts 62,987. Previous day's open int., Calls 132,443 Puts 201,371.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%(Mar 13)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	90.83	90.56	-0.07	90.85	90.41	55683	155384
Sep	-	90.11	-0.07	-	-	0	1718

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%(Mar 13)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9050	0.38	0.69	0.93	1.10	0.32	0.63	0.87	1.49
9100	0.17	0.47	0.68	0.89	0.61	0.91	1.13	1.78
9150	0.06	0.30	0.50	0.69	1.00	1.24	1.44	2.08

Est. vol. total, Calls 7314 Puts 6201. Previous day's open int., Calls 141158 Puts 118922

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%(Mar 13)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.68	93.84	-1.02	93.74	92.48	34029	49207
Sep	-	91.84	-1.02	-	-	0	37

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%(Mar 13)

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9250	2.24	2.56	1.90	3.22
9300	1.99	2.34	2.14	3.50
9350	1.72	2.14	2.38	3.80

Est. vol. total, Calls 3229 Puts 1955. Previous day's open int., Calls 31279 Puts 20634

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	81.35	81.77	+0.51	81.91	81.18	48,378	39,712

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%(Mar 13)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101-00	101-13	-0-01	101-13	101-00	982	15593
Jun	101-18	101-17	-0-02	101-21	101-04	22842	78031

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%(Mar 13)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
101	0-61	1-26	1-49	2-29	0-27	0-56	1-15	1-53
102	0-27	0-57	1-15	1-61	0-57	1-23	1-45	2-21
103	0-09	0-32	0-53	1-34	1-39	1-62	2-19	2-58

Est. vol. total, Calls 1589 Puts 3105. Previous day's open int., Calls 29202 Puts 45784

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	80.74	81.56	+0.94	81.58	80.72	2,143	7,009

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	103-23	104-25	+0-24	104-26	103-23	7,588	77,244
Jun	103-17	104-07	+0-24	104-09	103-14	217,008	294,894
Sep	103-08	103-25	+0-21	103-25	103-08	886	13,231

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%(Mar 13)

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	111.55	-	-	111.77	111.55	2355	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Mar 14	Day's change %	Mon Mar 13	Accrued interest	xd adj. ytd		Low coupon yield Mar 14	Mar 13	Yr. ago	Medium coupon yield Mar 14	Mar 13	Yr. ago	High coupon yield Mar 14	Mar 13	Yr. ago
1 Up to 5 years (24)	119.10	+0.40	118.62	1.56	2.53	5 yrs	8.52	8.87	6.48	8.54	8.88	8.71	8.89	8.85	8.81
2 5-15 years (21)	139.84	+0.88	138.61	1.88	2.93	15 yrs	8.44	8.57	7.16	8.55	8.89	7.25	8.76	8.89	7.52
3 Over 15 years (9)	155.89	+1.16	154.17	1.12	4.05	20 yrs	8.41	8.53	7.30	8.55	8.69	7.27	8.67	8.61	7.53
4 Irredeemables (6)	179.40	+1.47	176.80	2.71	1.47	Irred.†	8.48	8.59	7.48						
5 All stocks (60)	136.73	+0.77	135.68	1.67	2.96										

Index-linked							Inflation 5% Mar 14	Mar 13	Yr. ago	Inflation 10% Mar 14	Mar 13	Yr. ago
6 Up to 5 years (2)	189.77	+0.17	189.45	0.85	1.45	Up to 5 yrs	3.69	3.77	2.59	2.40	2.47	1.74
7 Over 5 years (11)	174.38	+0.66	173.24	0.67	1.15	Over 5 yrs	3.90	3.95	3.22	3.72	3.78	3.06
8 All stocks (13)	175.06	+0.61	174.00	0.68	1.17							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 14	Mar 13	Mar 10	Mar 9	Mar 8	Yr ago	High*	Low*
Govt. Secs. (UK)	91.52	90.89	90.22	90.63	90.53	100.50	107.04	89.54
Fixed Interest	109.54	109.34	109.29	108.99	108.77	121.20	133.87	105.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Mar 13	Mar 14	Mar 8	Mar 8	Mar 7
Gilt Edged bargains	104.1	151.3	207.9	109.8	100.6
5-day average	134.7	129.3	118.9	93.2	94.0

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 14

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 00	1000	92½	92¾	+⅝	7.77
Alberta Province 7⅞ 98	1000	101	101⅜	+¼	7.28
Austria 8½ 00	400	104⅞	105⅛	+¼	7.30
Baden-Wuert L-Finance 8⅛ 00	1000	103⅞	105½	+⅛	7.30
Bank Ned Gemeenten 7 98	1000	98½	98¾	+⅛	7.12
Bank of Tokyo 8⅜ 96	100	101⅞	101½		7.21
Belgium 5½ 03	1000	86½	86¾	+⅛	7.59
BFCE 7¾ 97	150	101⅞	101⅞	+¼	6.98
British Gas 0 21	1500	12⅝	12⅞	+⅛	8.16
Canada 6½ 97	2000	98⅝	98⅞	+⅛	7.14
Cheung Kong Fin 5½ 98	500	90	90¾	-¼	8.89
China 6½ 04	1000	87⅞	88⅜	+⅛	8.54
Council Europe 8 98	100	101⅛	101½		7.07
Credit Foncier 9½ 99	300	107⅜	107⅞	+⅛	7.35
Denmark 5¾ 98	1000	95⅝	95⅞	+¼	7.15
East Japan Railway 6⅝ 04	600	93⅛	93½	+½	7.71
ECSC 8¼ 98	193	101⅞	102¼	+¼	7.10
EEC 8¼ 98	100	101½	101⅞	+⅛	6.93
EIB 7¾ 98	250	101⅞	101⅞	+⅛	6.78
EIB 9¼ 97	1000	105⅛	105⅜	+¼	7.05
Elec de France 9 98	200	104⅝	105	+¼	7.23
Ex-Im Bank Japan 8 02	500	102⅝	100	+½	7.51
Export Dev Corp 9½ 98	150	106⅛	106½	+¼	7.29
Federal Natl Mort 7.40 04	1500	100¼	100½	+¼	7.50
Finland 6⅜ 97	3000	99⅛	99¼	+¼	7.23
Ford Motor Credit 6¼ 98	1500	97⅛	97⅝	+⅛	7.43
Gen Elec Capital 9⅜ 96	300	102⅝	102⅞	+⅛	7.03
Ind Bk Japan Fin 7⅞ 97	200	100⅝	101⅞	+¼	7.53
Inter Amer Dev 7⅞ 98	200	100¼	101⅛	+⅛	7.03
Intl Finance 5¼ 99	500	93¼	94	+⅛	7.17
Italy 6⅞ 23	3500	80⅞	81¼	+⅝	8.82
Japan Dev Bk 8⅞ 01	500	104⅝	104⅞	+½	7.36
Kansai Elec Pwr 10 98	350	102⅞	103⅛		7.16
Korea Elec Power 6⅜ 03	1350	88⅞	88⅞	+⅛	8.35
LTCB Fin 8 97	200	100⅞	101⅞	+¼	7.45
Matsushita Elec 7¼ 02	1000	98⅞	98⅝	+½	7.70
Norway 7¼ 97	1000	100½	100⅝	+¼	6.87
Ontario 7⅜ 03	3000	97⅞	98¼	+½	7.69
Oster Kontrollbank 6½ 01	200	105¼	105⅝	+⅛	7.38
Petro-Canada 7¼ 98	200	100⅛	100½	+⅛	7.10
Portugal 5¾ 03	1000	88⅛	88½	+½	7.81
Quebec Hydro 9¾ 98	150	106⅛	106⅝	+¼	7.64
Quebec Prov 9 98	200	103⅝	104⅛	+¼	7.62
Sainsbury 8⅜ 98	150	102⅝	100	+⅛	7.22
SAS 10 99	200	106½	107⅛	+½	8.01
SNCF 9½ 98	150	106⅛	106⅜	+¼	7.26
Spain 6½ 99	1500	96⅝	96⅞	+¼	7.39
State Bk NSW 8½ 98	200	101½	101⅞		7.20
Sweden 5½ 00	2000	93¼	93⅜	+½	7.78
Swedish Export 6⅜ 98	700	101⅞	101⅝	+⅛	6.98
Tokyo Elec Power 6⅛ 03	1000	90⅞	91⅞	+½	7.65
Tokyo Metropolis 8⅜ 96	200	101⅝	101⅞	+⅛	7.13
Toyota Motor 5⅝ 98	1500	96¼	96½	+⅛	7.05
United Kingdom 7¼ 02	3000	98¾	99½	+⅛	7.37
World Bank 8⅝ 99	1500	105	105⅛	+⅛	7.19
World Bank 8⅜ 97	1500	103½	103¾	+⅛	6.93
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	84⅞	84⅞	+¼	7.88
Credit Foncier 7¼ 03	2000	98⅝	98⅝	+⅝	7.53
Denmark 6⅛ 98	2000	98⅞	99	+⅛	6.58
Depfa Finance 6⅝ 00	1500	92¾	92⅞	+½	7.55
Deutsche Bk Fin 7½ 03	2000	100	100⅛	+⅛	7.50
EEC 6½ 00	2900	99⅝	99⅞	+¼	6.89
EIB 6¼ 00	1500	97⅛	97½	+¼	6.94
Finland 7½ 00	3000	101⅞	102⅛	+⅛	7.06
Italy 7¼ 98	5000	101	101⅞	+⅛	6.85
LKB Baden-Wuert 6½ 08	2250	89⅞	90⅛	+¼	7.73
Norway 6⅛ 98	1500	96⅞	93⅛		6.52
Ontario 6¼ 04	1500	90⅝	91	+⅛	7.71
Spain 7¼ 03	4000	98⅞	98½	+½	7.52
Sweden 8 97	2500	103⅛	103½	+¼	6.59

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7⅛ 97	5500	102⅛	102¼	+⅛	6.20
Volkswagen Int Fin 7 03	1000	95⅝	96⅛	+½	7.78
World Bank 0 15	2000	22⅞	23⅞	+¼	7.39
World Bank 5⅞ 03	3000	90¼	90⅝	+⅝	7.43
World Bank 8¼ 00	1250	110½	113⅛		8.27
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	102½	102¾	-¼	5.75
Austria 4½ 00	1000	98½	98⅝		4.85
Council Europe 4¾ 98	250	100	100½		4.75
Denmark 4⅛ 99	1000	97⅞	97⅞		4.81
EIB 6⅞ 04	300	107⅞	108½	-¼	5.67
Elec de France 7⅛ 96	100	110	111		5.97
Finland 7¾ 99	300	107½	108		5.34
Hyundai Motor Fin 8½ 97	100	105½	107		6.03
Iceland 7⅞ 00	100	109	109½		5.63
Kobe 6⅞ 01	240	105¼	105⅞		5.37
Ontario 6¼ 03	400	102⅞	102⅝	+⅛	5.86
Quebec Hydro 5 05	100	86¼	86½	+¼	6.61
SNCF 7 04	450	110⅛	110⅝	-⅛	5.58
World Bank 5 03	150	98½	99		5.22
World Bank 7 01	600	108½	198	+¼	5.30
YEN STRAIGHTS					
Belgium 5 99	75000	105½	106⅛		3.49
EIB 6⅝ 00	100000	119⅝	119⅞	-⅛	3.60
Finland 6⅞ 98	50000	104½	104⅞		2.28
Inter Amer Dev 7¼ 00	30000	116⅛	116⅝		3.71
Italy 3½ 01	300000	95¼	95⅞	-⅛	4.42
Japan Dev Bk 5 99	100000	106⅞	101⅛		3.34
Japan Dev Bk 6½ 01	120000	114⅞	114⅞	-⅛	3.97
Nippon Tel Tel 5⅞ 96	50000	105	105¼	-⅛	2.49
Norway 5⅞ 97	150000	105½	105⅝		2.40
SNCF 6¼ 00	30000	114	114¼	-⅛	3.62
Spain 5¾ 02	125000	109⅞	109⅞	-⅛	4.20
Sweden 4⅝ 98	150000	104½	104⅞	-⅛	2.97
World Bank 5¼ 02	250000	107⅞	107⅞	-¼	4.12
OTHER STRAIGHTS					
Genfinance Lux 9⅛ 99 LFr	1000	104⅞	105⅞		7.72
IKB Deut Industbk 6½ 00 LFr	3000	100½	101½		8.40
World Bank 8 98 LFr	1000	101⅛	101⅞		6.88
ABN Amro 6⅝ 00 Fl	1000	98⅝	98⅞	+⅛	7.08
Bank Ned Gemeenten 7 03 Fl	1500	97⅛	97½	+⅝	7.49
Bell Canada 10⅝ 99 C$	150	105⅝	106¼	+½	8.97
British Columbia 10 98 C$	500	101⅞	102⅛	+⅛	8.26
Canada Mort & Housing 8¼ 99 C$	1000	98⅝	99⅞	+⅛	8.53
EIB 10⅛ 98 C$	130	104⅞	105⅞		8.22
Elec de France 9¾ 99 C$	275	103⅞	104⅞	+¼	8.64
Gen Elec Capital 10 96 C$	300	101⅞	102¼		8.39
KfW Int Fin 10 01 C$	400	104⅞	105¼	+¼	8.91
Nippon Tel Tel 10¼ 99 C$	200	105½	106	+⅛	8.72
Ontario 8 03 C$	1500	94⅞	94⅝	+¼	9.20
Ontario Hydro 10⅞ 99 C$	500	105⅝	101⅞	+⅛	8.65
Oster Kontrollbank 10¼ 99 C$	150	105⅝	106⅛	+¼	8.62
Quebec Prov 10½ 98 C$	200	104⅝	105⅛	+¼	8.95
Belgium 9⅛ 96 Ecu	1250	101⅞	101⅞	+⅛	7.39
Council Europe 8 01 Ecu	1100	101¾	102⅛	+½	8.63
Credit Lyonnais 0 98 Ecu	125	101¼	101⅞	+⅛	7.79
EIB 10 97 Ecu	1125	103⅛	103⅞	+½	7.80
Ferro del Stat 10⅛ 98 Ecu	500	103¼	104¼	+⅛	8.54
Italy 10⅞ 00 Ecu	1000	107⅞	108¼	+¼	8.78
Spain 9 98 Ecu	1000	101⅝	101⅞	+⅛	7.48
United Kingdom 9⅛ 01 Ecu	2750	103	103⅛	+½	8.48
AIDC 10 99 A$	100	99¼	99⅝	+⅛	10.20
Comm Bk Australia 13¾ 99 A$	100	112	112⅞	+½	10.25
EIB 7¾ 99 A$	350	84⅞	85⅛	+½	9.44
NSW Treasury Zero 0 20 A$	1000	6¼	6⅝	-⅛	16.20
R & I Bank 7¾ 03 A$	125	84¼	85¼	+½	10.60
State Bk NSW 9 02 A$	200	92⅝	93	+⅛	10.44
Sth Aust Govt Fin 5 02 A$	150	92	92½	+⅛	10.57
Unilever Australia 12 98 A$	150	104⅞	105⅛	+⅛	10.11
Western Aust Treas 7⅞ 98 A$	100				

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 00 £	1000	92⅝	92⅞	+⅝	9.34
Alliance Leics 11⅞ 97 £	100	105⅛	105½	+¼	8.63
British Land 8⅞ 23 £	150	89⅝	89⅞	+⅞	10.23
Denmark 6⅜ 98 £	800	94⅛	94⅜	+⅛	8.78
EIB 6 03 £	1000	94⅛	94½	+¼	8.01
Halifax 10⅜ 97 £	100	103⅞	103⅝	+⅛	8.44
Hanson 10⅜ 97 £	500	103⅛	103½	+⅛	8.93
HSBC Holdings 11.69 02 £	153	109¼	109⅝	+½	9.84
Italy 10½ 14 £	400	104⅞	105	+1	9.93
Japan Dev Bk 7 00 £	200	92⅛	92⅞	+½	8.83
Land Secs 9½ 01 £	200	99⅞	99⅜	+⅞	9.58
Ontario 11⅛ 01 £	100	105	105⅞	+½	9.30
Powergen 8⅞ 03 £	250	97½	97⅞	+⅝	9.33
Severn Trent 11½ 99 £	150	108⅛	108⅝	+½	9.08
Tokyo Elec Power 11 01 £	150	198⅞	108⅞	+½	9.16
Abbey National 0 96 NZ$	100				
TCNZ Fin 9¼ 02 NZ$	75				
Credit Local 6 01 FFr	7000	89⅞	89½	+⅞	8.12
Elec de France 8¾ 22 FFr	3000	100⅝	101⅞	+1⅛	8.68
SNCF 9¼ 97 FFr	4000	102⅞	103⅛	+⅛	7.75

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.56	99.64	6.2500
Belgium 1/16 97 DM	500	100.09	100.18	5.3750
BFCE -0.02 98	350	99.83	99.95	6.2300
Britannia 0.10 96 £	150	99.99	100.09	6.8500
Canada -⅛ 99	2000	99.16	99.25	6.0000
CCCE 0.08 Ecu	200	99.14	99.37	6.0781
Credit Lyonnais 1/16 00	300	97.38	97.94	6.6875
Denmark -⅛ 96	1000	99.67	99.76	6.1875
Dresdner Finance 1/16 98 DM	1000	99.98	100.07	5.0938
Ferro del Stat 0.10 97	420	99.93	100.11	6.2250
Finland 0 97	1000	100.05	100.14	6.7500
Ital Bank Intl ⅛ 99	500	99.97	100.08	6.4375
Italy ⅛ 98	2000	100.00	100.08	6.6250
LKB Baden-Wuert Fin -⅛ 98	1000	99.47	99.56	5.8750
Lloyds Bank Perp S 0.10	600	83.25	84.25	6.5375
Malaysia 1/16 05	650	99.21	99.56	5.9375
New Zealand -⅛ 99	1000	99.80	99.88	6.3750
Nova Scotia 1/16 99	500	99.59	99.69	6.4375
Ontario 0 99	2000	99.38	99.52	6.2500
Renfe 0 96	500	99.39	99.56	6.0000
Societe Generale 0 96	300	99.65	99.76	5.3750
Staatsbank Berlin -0.05 98 DM	6000	99.95	99.98	5.1483
State Bk Victoria 0.03 98	125	99.97	100.09	6.9875
Sweden 0 98	1500	99.84	99.92	6.2500
Sweden -⅛ 01	2000	99.93	99.01	6.1250
United Kingdom -⅛ 96	4000	99.91	99.65	6.2500

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	94¼	95½	+54.63
Chubb Capital 6 08	250	86	103	104	+14.11
Gold Kalgoorlie 7½ 00	65	1.0564	94⅞	96	+32.84
Hanson 9½ 06 £	500	2.5875	102	102⅞	+12.07
Hanson America 2.39 01	420	30.6756	74⅞	75½	+24.75
Hong Kong Land 4 01	410	31.05	76½	77½	-23.31
Land Secs 6¾ 02 £	84	6.72	93⅞	95⅛	+5.49
Lasmo 7⅞ 05 £	90	5.64	84⅞	86⅛	
Mitsui Bank 2⅝ 03	200	2332.6	75⅛	77⅛	+8.22
Mount Isa Fin 6½ 97	100	2.283	95½	96½	+58.34
Natl Power 6¼ 08 £	250	4.33	102¼	103¼	+2.25
Ogden 6 02	85	39.077	83	84½	+55.37
Pennzoil 4¾ 00	500	58.8097	93⅞	94	+14.53
Sumitomo Bank 3⅛ 04	300	3606.9	77¼	78⅞	+13.38
Sun Alliance 7¼ 08 £	155	3.9	91⅞	92⅝	+17.59
Tesco Capital 9 05 £	200	2.61	114⅞	115¾	+13.30
Texas Instruments 2¾ 02	300	82⅞	109⅛	110⅛	+0.84

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month $above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
Shorts* (Lives up to Five Years)						
Exch 3pc Gas 1990-95	3.02	6.45	99½	+¼	103⅛	97¾
10¼pc 1995	10.12	6.82	101⅛	+⅛	107⅛	101⅛
Treas 12¾pc 1995‡‡	12.29	6.80	103¾	—	113⅞	103¾
14pc 1996	13.25	7.02	105⅝	—	117⅛	105⅝
15¼pc 1996‡‡	14.06	7.26	108½	—	121⅛	108⅛
Exch 13¼pc 1996‡‡	12.46	7.40	105⅛	—	117⅛	105⅛
Conversion 10pc 1996	9.66	7.68	103⅝	+⅛	112⅛	103⅛
Treas Cnv 7pc 1997‡‡	7.15	7.88	97⅞	+⅛	100⅞	95⅞
Treas 13¼pc 1997‡‡	12.15	7.90	108⅝	+⅛	121⅛	108⅛
Exch 10½pc 1997	10.05	7.88	104½	+⅛	114⅛	104⅛
Treas 8¾pc 1997‡‡	8.54	8.08	102⅛	+⅛	110⅛	100⅛
Exch 15pc 1997	12.97	8.20	115⅝	+⅛	131⅛	114⅛
9¾pc 1998	9.42	8.29	103½	+⅛	114⅛	102⅛
Treas 7¼pc 1998‡‡	7.46	8.30	97¼xd	+⅛	105⅛	95⅞
Treas 6¾pc 1995-98‡‡	7.05	8.31	95⅝	+⅛	102	93⅛
14pc 1998-1	12.15	8.45	115⅛	+⅛	131⅛	114⅛
Treas 15½pc '98‡‡	12.77	8.35	121⅛xd	+½	140⅛	120⅛
Exch 12pc 1998	10.82	8.45	110⅞	+⅛	125⅛	109⅛
Treas 9½pc 1999‡‡	9.19	8.41	103⅛	+½	118⅛	100⅞
Exch 12¼pc 1999	10.69	8.49	112⅛xd	+½	128⅛	111⅛
Treas 10½pc 1999	9.82	8.48	106⅞	+⅛	121⅛	105⅛
Treas 6pc 1999‡‡	6.59	8.42	91⅛	+½	101⅛	88⅛
Conversion 10¼pc 1999	9.64	8.55	106⅛	+⅛	121⅛	104⅛
Treas Flg Rate 1999	-	-	99⅞	—	100⅛	99⅛
Five to Fifteen Years						
Treas 8pc 2000‡‡	8.17	8.43	97⅛	+⅛	98⅞	96
Conv 9pc 2000‡‡	8.82	8.48	102	+⅛	116⅛	99⅞
Treas 13pc 2000	10.98	8.59	118⅞	+⅛	136⅛	118⅛
10pc 2001	9.42	8.62	106⅛	+⅛	122⅛	103⅛
7pc 2001‡‡	7.60	8.55	92⅛	+⅛	105⅛	88⅛
9¾pc 2002	9.22	8.67	105⅛	+⅛	123⅛	102⅛
8pc 2003‡‡	8.30	8.60	96⅜	+⅛	113⅛	92⅞
10pc 2003	9.29	8.67	107⅝	+⅞	127⅛	104½
Treas 11½pc 2001-4	10.23	8.76	112⅛xd	+⅛	129⅛	109⅛
Funding 3½pc 1999-4	4.69	7.26	74⅝	+⅛	86⅛	69¾

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
Conversion 9½pc 2004	9.01	8.65	105⅛	+1	125⅛	101⅛
Treas 6¾pc 2004‡‡	7.84	8.53	88⅛	+⅞	105⅛	84⅛
8½pc 2005‡‡	8.52	8.51	99¾	+⅛	100⅛	97
Conv 9½pc 2005	8.98	8.62	105⅛xd	+1	125½	102⅛
Treas 12½pc 2003-5	10.27	8.85	121⅛	+⅛	143⅛	118⅛
7¾pc 2006‡‡	8.23	8.53	94⅛	+⅛	112⅛	90⅝
8pc 2002-6‡‡	8.44	8.57	94⅛xd	+⅛	111⅝	91⅛
Treas 11¾pc 2003-7	10.13	8.87	115⅛	+⅛	136⅛	112⅛
Treas 8½pc 2007‡‡	8.52	8.52	99⅛	+⅛	119⅛	95⅛
13½pc 2004-8	10.52	8.85	128¼xd	+1	151⅛	124⅛
Treas 9pc 2008‡‡	8.67	8.51	103¾xd	+1⅛	124⅛	99⅛
Treas 8pc 2009	8.37	8.51	95⅝xd	+1⅛	115⅛	91⅛
Over Fifteen Years						
Treas 6 1/4pc 2010	7.68	8.40	81⅛	+⅞	98⅛	77⅛
Conv 9pc Ln 2011‡‡	8.62	8.48	104⅛	+1⅛	126⅛	100⅛
Treas 9pc 2012‡‡	8.59	8.47	104⅛	+1⅛	127⅝	100⅝
Treas 5½pc 2008-12‡‡	7.39	8.25	74⅛	+⅞	93⅞	71¼
Treas 8pc 2013‡‡	8.34	8.43	95⅛	+1⅛	117⅛	92
8pc 2015	8.31	8.38	96⅛	+1⅛	96⅞	93⅛
7¾pc 2012-15‡‡	8.32	8.44	93⅛	+1⅛	114⅞	89⅞
Treas 8¾pc 2017‡‡	8.46	8.40	103⅛	+1⅛	128⅛	99⅛
Exch 12pc 2013-17	9.17	8.64	130⅛	+1⅛	158½	126⅛
Undated						
Consols 4pc	8.70	-	46	-⅛	58⅛	44⅛
War Loan 3½pc‡‡	8.36	-	41⅞	+⅛	54⅛	39⅛
Conv 3½pc '61 Aft.	6.02	-	58¼xd	+⅛	71	55⅞
Treas 3pc '66 Aft	8.68	-	34⅛xd	—	44⅞	33⅛
Consols 2½pc	8.46	-	29⅛xd	-⅛	38½	28⅛
Treas. 2½pc	8.58	-	29¼xd	+⅛	37⅝	27⅛

Notes		Yield (1)	Yield (2)	Price £	+ or -	1994/95 High	1994/95 Low
Index-Linked	(b)						
2pc '96	(67.9)	2.10	3.70	204⅛xd	+⅛	204⅛	197⅛
4⅝pc '98‡‡	(135.6)	2.96	3.82	107⅛	+⅛	113⅛	106⅛
2½pc '01	(78.3)	3.52	3.95	167⅛xd	+⅛	175⅞	163½
2½pc '03	(78.8)	3.61	3.94	163⅛	+⅛	173⅞	159⅛
4⅜pc '04‡‡	(135.6)	3.82	3.93	108⅛	+⅛	118⅞	107⅛
2pc '06	(69.5)	3.66	3.93	158⅛	+⅛	164⅛	155⅛
2½pc '09	(78.8)	3.73	3.94	153⅞	+1⅛	156⅛	148⅛
2½pc '11	(74.6)	3.76	3.95	158⅛	+1⅛	173⅞	154⅛
2½pc '13	(89.2)	3.78	3.95	130⅝	+1⅛	146⅛	128⅛
2½pc '16	(81.6)	3.79	3.95	139⅛	+1⅛	157⅛	134⅞
2½pc '20	(83.0)	3.81	3.95	133⅛xd	+1	152⅛	128½
2½pc '24‡‡	(97.7)	3.80	3.92	110⅛	+⅛	129⅛	106⅛
4⅛pc '30‡‡	(135.1)	3.82	3.95	109⅛	+⅛	128⅛	105⅞

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for June 1994: 144.7 and for January 1995: 146.0.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
Asian Dev 10¼pc 2009	9.25	8.80	110⅛	+1⅛	139⅞	107⅛
B'ham 11½pc 2012	9.79	9.55	117⅞	—	142	115
Ireland Cap 8½pc '10	8.72	-	97½	+⅛	116½	96⅛
9pc Cap 1996	8.84	-	100⅞	+⅛	103⅞	99⅛
13pc '07-2	12.09	-	107½	+⅛	115⅞	106
Hydro Quebec 15pc 2011	10.58	9.94	141⅛	+1⅛	169⅛	137⅛
Leeds 13½pc 2006	10.55	-	128	—	149⅞	125
Liverpool 3½pc Irred.	9.46	-	37	—	44⅛	33⅞
LCC 3pc '20 Aft	9.23	-	32½	—	40⅛	28⅛
Manchester 11½pc 2007	10.04	9.50	114½	—	136⅛	111⅞
Met. Wtr. 3pc 'B'	4.29	7.94	70	—	78	66½
N'wide Anglia 3⅝pc 2021	-	4.65	131	—	150⅞	129⅞
4⅛pc IL 2024	-	4.62	126½	—	145⅛	122⅝
Utd Mex States 16½pc 2008	14.04	-	117½	—	159½	115½

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

CURRENCIES AND MONEY

MARKETS REPORT

Traders remain wary as market pauses for breath

The dollar yesterday continued its recent consolidation on the foreign exchanges, but opinion remains divided about whether it has reached a bottom, *writes Philip Gawith.*

There were no developments to give a new impetus to trading. Surprisingly, the dollar managed to trade higher despite the one significant statistical release – US retail sales in February – coming in below market expectations.

The dollar appears to be stalled at the moment. Although its ability over the past days to trade at the top end of its trading range has been encouraging from a short-term technical perspective, sentiment remains negative. Few in the market seem prepared to accept that it has reached a bottom.

The dollar finished in London at DM1.4136, from DM1.4053, and at Y91.165 from Y90.225.

The D-Mark lost ground across the board as investors took profits after the recent strong rally. Against the French franc it closed at FFr3.551, from FFr3.571. Against the lira it finished at L1,202 from L1,190.

Sterling finished the day unchanged on a trade-weighted basis, at 85.3. It finished slightly firmer against the D-Mark, at DM2.2445 from DM2.2364. Against the dollar it finished at $1.5878 from $1.5914.

In South Africa the newly unified rand had a second successive day of stable trading, finishing at R3.6335 from R3.6225 against the dollar. Analysts reported good two-way trade, but said the market needed time to settle down.

■ Last week the dominant market view was that strong economic data, which re-focused attention on the prospect of higher US rates, would help the dollar.

That theory was dented on Friday when the dollar's response to a fairly strong payroll figure was muted. It was further damaged yesterday by the dollar's rally in response to the weak retail sales figure.

Mr Joe Prendergast, foreign exchange strategist at Paribas Capital Markets in London, commented: "In an environment where the Fed is very clearly dragging its heels, an inflation impulse can only be positive for the dollar if the Fed actually responds."

The market's fairly sanguine response to the retail sales data was an indication that there is some positive sentiment towards the dollar at these levels.

The dollar appeared to benefit from the rally in US bond and equity markets, although recently this effect has not been apparent because nervous investors have hedged their dollar exposure. A semblance of stability from Mexico has also helped the US currency.

At the moment the dollar, and the market in general, is clearly in a corrective phase. The challenge is to decide how far this correction extends. While analysts are wary of calling a change in trend, the market may hold its fire until after the FOMC meeting on March 28.

The release today of producer inflation data, as well as industrial production statistics, will provide further guidance on the likely path of US interest rates.

■ Politicians and central bankers were largely silent on the subject of currencies, with the exception of Mr Edouard Balladur, the French prime minister, speaking on the campaign trail.

Apart from re-stating the French goal of achieving economic and monetary union by 1997, he also expressed concern about recent exchange rate volatility. He said he favoured a *common European currency as* a means of avoiding this, and *floated again the idea of* dealers having to make margin payments in order to cool short-term speculative flows.

The franc is vulnerable ahead of next month's elections, but analysts predict a return to around FFr3.45 against the D-Mark, once they are past.

In Spain the central bank lifted the key money rate to 8.5 *per cent* from 8 per cent.

■ Overnight money traded as high as 9 per cent when the Bank of England provided money markets with only £135m late assistance, after forecasting a £500m daily shortage. Cash rates, however, were little changed with three month LIBOR at 6$\frac{11}{16}$ per cent.

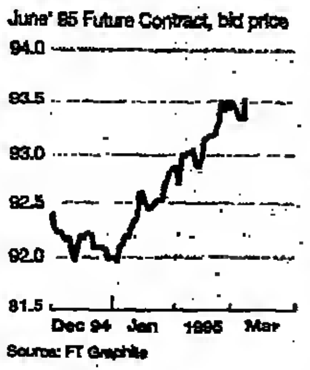
Short sterling futures rallied in line with the firmer bond markets in both the US and UK, and helped by the weak *CBI distributive trades survey.* The June contract traded more *than 50,000 lots, to finish* 19 basis higher at 92.55.

■ **Pound in New York**

Mar 14	— Latest —	– Prev. close –
£ spot	1.5865	1.5928
1 mth	1.5852	1.5925
3 mth	1.5842	1.5814
1 yr	1.5712	1.5777

Eurodollar

June' 95 Future Contract, bid price



Source: FT Graphite

■ **OTHER CURRENCIES**

Mar 14	£	$
Hungary	186.313 - 186.556	117.370 - 117.470
Iran	2776.19 - 2777.95	1748.00 - 1750.00
Kuwait	0.4501 - 0.4696	0.2955 - 0.2957
Poland	3.7304 - 3.7364	2.3500 - 2.3520
Russia	7550.88 - 7560.80	4760.00 - 4763.00
U.A.E.	5.8302 - 5.8336	3.6726 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Mar 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.7979	+0.0559	889 - 069	15.8115	15.6843	15.7855	0.9	15.7517	1.2	-	-	107.9
Belgium	(BFr)	46.3479	+0.1097	283 - 675	46.4790	46.0800	46.3679	-0.5	46.3229	0.2	45.9779	0.8	110.2
Denmark	(DKr)	9.0037	-0.0124	980 - 093	9.0334	8.9678	9.0091	-0.7	8.9963	0.3	8.977	0.3	107.9
Finland	(FM)	6.8704	-0.0393	607 - 801	7.0280	6.9500	-	-	-	-	-	-	86.5
France	(FFr)	7.9718	-0.017	680 - 756	8.0074	7.9404	7.9878	-2.4	8.0157	-2.2	7.9622	0.1	108.8
Germany	(DM)	2.2445	+0.0081	433 - 457	2.2487	2.2287	2.2417	1.5	2.236	1.5	2.1968	2.0	113.8
Greece	(Dr)	364.401	+1.084	721 - 080	366.080	362.703	-	-	-	-	-	-	68.9
Ireland	(I£)	1.0070	+0.0032	059 - 080	1.0084	0.9986	1.0066	0.4	1.0059	0.4	1.0064	0.1	95.4
Italy	(L)	2671.47	-16.4	842 - 453	2702.09	2658.11	2681.67	-4.6	2698.97	-4.1	2774.27	-3.8	66.6
Luxembourg	(LFr)	46.3479	+0.1097	283 - 675	46.4790	46.0800	46.3679	-0.5	46.3229	0.2	45.9779	0.8	110.2
Netherlands	(Fl)	2.5184	+0.0098	170 - 198	2.5200	2.5002	2.5152	1.5	2.5083	1.6	2.4873	2.0	110.3
Norway	(NKr)	10.0055	-0.014	006 - 104	10.0355	9.9276	10.0044	0.1	10.0023	0.1	9.9907	0.1	99.7
Portugal	(Es)	236.979	+0.815	840 - 118	237.208	235.125	237.694	-3.6	239.379	-4.1	-	-	96.9
Spain	(Pta)	204.906	-1.562	776 - 037	208.705	204.004	205.591	-4.0	206.691	-3.5	211.116	-3.0	77.7
Sweden	(SKr)	11.4651	-0.1325	542 - 759	11.6375	11.4316	11.4672	-0.2	11.4711	-0.2	11.4828	-0.2	79.7
Switzerland	(SFr)	1.8661	+0.0061	668 - 693	1.8751	1.8560	1.8636	2.9	1.8549	2.8	1.806	3.3	113.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.3
Ecu	-	1.2266	+0.0016	258 - 274	1.2292	1.2192	1.2275	-0.9	1.2251	0.5	1.2215	0.4	-
SDR†	-	1.03116	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5879	-0.0059	874 - 884	1.5995	1.5827	-	-	-	-	-	-	-
Brazil	(Cr)	1.3981	-0.0008	953 - 006	1.4009	1.3948	-	-	-	-	-	-	-
Canada	(C$)	2.2489	+0.001	478 - 500	2.2557	2.2396	2.2524	-1.9	2.2573	-1.6	2.2587	-0.3	80.3
Mexico	(New Peso)	10.3445	+0.1674	022 - 868	10.3440	10.1977	-	-	-	-	-	-	-
USA	($)	1.5878	-0.0036	874 - 882	1.5935	1.5825	1.5875	0.2	1.5865	0.3	1.5733	0.9	91.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1323	+0.0006	310 - 335	2.1335	2.1308	2.1345	-1.3	2.1397	-1.4	2.1654	-1.6	82.9
Hong Kong	(HK$)	12.2764	-0.027	725 - 803	12.3198	12.2368	12.2786	0.0	12.2774	0.0	12.2726	0.0	-
India	(Rs)	50.5864	-0.05	269 - 458	50.8000	50.4340	-	-	-	-	-	-	-
Israel	(Shk)	4.7390	-0.0165	338 - 441	4.7812	4.7195	-	-	-	-	-	-	-
Japan	(Y)	144.752	+1.168	660 - 844	145.130	143.950	144.217	4.4	143.137	4.5	137.127	5.3	158.4
Malaysia	(M$)	4.0516	-0.0089	498 - 534	4.0656	4.0393	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4415	-0.0016	399 - 430	2.4434	2.4390	2.4478	-3.0	2.4584	-2.8	2.4777	-1.5	87.6
Philippines	(Peso)	41.1241	-0.0933	962 - 520	41.4533	40.7830	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9548	-0.0134	531 - 564	5.9759	5.9350	-	-	-	-	-	-	-
Singapore	(S$)	2.2478	-0.0059	462 - 489	2.2559	2.2416	-	-	-	-	-	-	-
South Africa	(R)	5.7693	+0.0044	654 - 731	5.7861	5.7461	-	-	-	-	-	-	-
South Korea	(Won)	1239.20	-3.37	881 - 959	1243.57	1235.14	-	-	-	-	-	-	-
Taiwan	(T$)	41.4372	-0.1007	208 - 536	41.5900	41.3048	-	-	-	-	-	-	-
Thailand	(Bt)	39.3457	-0.0415	199 - 715	39.4790	39.2110	-	-	-	-	-	-	-

†SDR rates per £ for Mar 13. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.9496	+0.0577	464 - 527	9.9725	9.8830	9.9398	1.2	9.9191	1.3	9.8354	1.1	107.8
Belgium	(BFr)	29.1900	+0.135	850 - 950	29.2600	29.0270	29.2075	-0.7	29.23	-0.5	29.155	0.1	109.5
Denmark	(DKr)	5.6705	+0.005	690 - 720	5.6890	5.6486	5.676	-1.2	5.6835	-0.9	5.704	-0.6	106.6
Finland	(FM)	4.3900	-0.0147	850 - 950	4.4207	4.3815	4.3905	-0.1	4.391	-0.1	4.382	0.2	85.2
France	(FFr)	5.0205	+0.0006	195 - 217	5.0322	5.0020	5.0318	-2.6	5.0526	-2.5	5.0731	-1.0	107.8
Germany	(DM)	1.4136	+0.0083	132 - 140	1.4178	1.4038	1.4121	1.3	1.4094	1.2	1.3974	1.1	112.9
Greece	(Dr)	229.500	+1.2	500 - 500	230.500	228.500	232	-13.1	236.25	-11.8	254	-10.7	68.2
Ireland	(I£)	1.5769	-0.0086	756 - 781	1.5870	1.5734	1.5776	-0.6	1.58	-0.8	1.5901	-0.8	-
Italy	(L)	1682.50	-8.5	100 - 400	1699.25	1675.85	1689.25	-4.8	1701.3	-4.5	1763.5	-4.8	66.9
Luxembourg	(LFr)	29.1900	+0.135	850 - 950	29.2600	29.0270	29.2075	-0.7	29.23	-0.5	29.155	0.1	109.5
Netherlands	(Fl)	1.5861	+0.0098	856 - 866	1.5889	1.5754	1.5847	1.1	1.5816	1.1	1.5682	1.1	109.7
Norway	(NKr)	6.3015	+0.0055	000 - 030	6.3202	6.2524	6.297	0.9	6.2885	0.8	6.2645	0.6	98.8
Portugal	(Es)	149.250	+0.85	200 - 300	149.300	148.250	149.985	-5.9	151.03	-4.8	155.9	-4.5	97.2
Spain	(Pta)	129.050	-0.89	000 - 100	129.900	128.700	129.475	-4.0	130.12	-3.3	133.8	-3.7	78.7
Sweden	(SKr)	7.2207	-0.067	157 - 257	7.3224	7.2050	7.2359	-2.5	7.2662	-2.5	7.3957	-2.4	79.9
Switzerland	(SFr)	1.1765	+0.0065	760 - 770	1.1796	1.1669	1.1741	2.5	1.1693	2.4	1.1478	2.4	112.3
UK	(£)	1.5878	-0.0036	874 - 882	1.5935	1.5825	1.5875	0.2	1.5865	0.3	1.5733	0.9	84.2
Ecu	-	1.2945	-0.0048	940 - 950	1.3014	1.2925	1.2935	0.9	1.2924	0.6	1.2905	0.3	-
SDR†	-	0.65182	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0001	-0.0014	000 - 001	1.0001	1.0000	-	-	-	-	-	-	-
Brazil	(Cr)	0.8805	+0.0015	790 - 820	0.8820	0.8780	-	-	-	-	-	-	-
Canada	(C$)	1.4164	+0.0039	160 - 167	1.4176	1.4144	1.419	-2.2	1.4233	-1.9	1.4339	-1.2	79.5
Mexico	(New Peso)	6.5150	+0.12	900 - 400	6.5400	6.4900	6.5172	-0.4	6.5204	-0.3	6.5253	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	92.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3428	+0.0034	425 - 434	1.3485	1.3389	1.3448	-1.8	1.349	-1.8	1.3759	-2.5	83.8
Hong Kong	(HK$)	7.7317	+0.0005	312 - 322	7.7325	7.7310	7.7306	0.2	7.7347	-0.2	7.7702	-0.5	-
India	(Rs)	31.8584	+0.0406	300 - 868	32.0000	31.7800	31.9384	-3.0	32.1644	-4.1	-	-	-
Israel	(Shk)	2.9846	-0.0037	821 - 871	2.9941	2.9742	-	-	-	-	-	-	-
Japan	(Y)	91.1650	+0.94	300 - 000	91.4600	90.8300	90.855	4.1	90.225	4.1	87.16	4.4	158.7
Malaysia	(M$)	2.5517	+0.0002	512 - 522	2.5531	2.5510	2.5497	0.9	2.5473	0.7	2.5417	0.4	-
New Zealand	(NZ$)	1.5375	+0.0023	370 - 382	1.5418	1.5334	1.5421	-3.6	1.5496	-3.1	1.5739	-2.4	-
Philippines	(Peso)	25.9000	-	000 - 000	26.1000	25.7000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-	502 - 504	3.7504	3.7501	3.7513	-0.3	3.7534	-0.3	3.7653	-0.4	-
Singapore	(S$)	1.4155	-0.0005	150 - 160	1.4190	1.4150	1.4103	4.5	1.402	3.6	1.3755	2.8	-
South Africa	(R)	3.6335	+0.011	320 - 350	3.6350	3.6215	3.6515	-5.9	3.6888	-6.1	3.8828	-6.9	-
South Korea	(Won)	780.450	-0.35	400 - 500	781.300	780.100	783.45	-4.6	786.95	-3.3	805.45	-3.2	-
Taiwan	(T$)	26.0973	-0.0042	935 - 010	26.1130	26.0900	26.1173	-0.8	26.1573	-0.8	-	-	-
Thailand	(Bt)	24.7800	+0.03	700 - 900	24.7950	24.7600	24.801	-1.0	24.8275	-0.8	24.915	-0.5	-

†SDR rate per $ for Mar 13. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 13. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 14	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	6⅛	6⅝	6⅝	6⅞	6⅞	7.40	4.50	-
week ago	8	6⅝	5⅝	6⅛	6⅝	7.40	4.50	-
France	7⅝	8⅜	8⅝	8⅜	8¼	5.00	-	8.00
week ago	5⅝	8⅜	7¼	7⅜	7¼	5.00	-	8.40
Germany	4.93	4.93	5.05	5.15	5.53	6.00	4.50	4.85
week ago	4.88	4.93	5.05	5.20	5.85	6.00	4.50	4.85
Ireland	5⅞	6⅜	7	7⅜	7⅝	-	-	6.25
week ago	5½	6⅜	6¼	6⅝	7⅛	-	-	6.25
Italy	9⅝	10½	10.6	11⅛	11¾	-	7.50	10.10
week ago	8⅛	10½	10½	10⅝	11⅝	-	7.50	8.35
Netherlands	4.90	5.02	5.12	5.30	5.70	-	5.25	-
week ago	4.84	5.02	5.11	5.30	5.72	-	5.25	-
Switzerland	3⅛	3⅝	3¾	3⅞	4¼	6.625	3.50	-
week ago	3⅝	3⅝	3⅞	4⅛	4⅜	6.625	3.50	-
US	5⅝	6⅛	6⅛	6⅜	6¾	-	5.25	-
week ago	5⅝	6⅛	6¼	6⅜	6⅞	-	5.25	-
Japan	2⅜	2⅜	2¼	2¼	2¾	-	1.75	-
week ago	2¼	2⅜	2¼	2⅜	2⅜	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6⅜	6¾	-	-	-
week ago	-	6⅛	6⅜	6½	6⅞	-	-	-
US Dollar CDs	-	5.90	6.04	6.24	6.58	-	-	-
week ago	-	5.90	6.12	6.36	2.82	-	-	-
SDR Linked Ds	-	4⅜	4½	4⅝	4⅝	-	-	-
week ago	-	4⅜	4½	4⅝	4⅝	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6¼; 6 mths: 6⅝; 1 year: 7⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 14	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6¼ - 5	6½ - 6¼	7 - 6¾	7 - 6⅞	7 - 6¾	7 - 6¾
Danish Krone	5⅞ - 5¼	6¾ - 6½	5¾ - 5½	6 - 5$\frac{13}{16}$	6$\frac{5}{16}$ - 6$\frac{3}{16}$	6$\frac{13}{16}$ - 6⅝
D-Mark	4⅞ - 4¾	4$\frac{15}{16}$ - 4$\frac{13}{16}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5$\frac{1}{16}$ - 4$\frac{15}{16}$	5$\frac{5}{16}$ - 5$\frac{3}{16}$	5⅞ - 5$\frac{7}{16}$
Dutch Guilder	4$\frac{15}{16}$ - 4⅞	4$\frac{15}{16}$ - 4⅞	5$\frac{1}{32}$ - 4$\frac{31}{32}$	5⅛ - 5$\frac{1}{16}$	5$\frac{5}{16}$ - 5¼	5⅝ - 5$\frac{9}{16}$
French Franc	8 - 7½	8½ - 8	8¾ - 8¼	8¾ - 8¼	8½ - 8	8 - 7½
Portuguese Esc.	12 - 11	11¼ - 10¾	11½ - 11¼	11½ - 11¼	11½ - 11¼	11¾ - 11⅜
Spanish Peseta	8$\frac{11}{16}$ - 8$\frac{5}{16}$	9$\frac{1}{32}$ - 8$\frac{29}{32}$	9$\frac{7}{16}$ - 9$\frac{5}{16}$	9$\frac{13}{16}$ - 9$\frac{11}{16}$	10⅛ - 10	10¾ - 10⅝
Sterling	8 - 5¾	6 - 5¾	6$\frac{5}{16}$ - 6¼	6$\frac{11}{16}$ - 6⅝	7$\frac{5}{32}$ - 7$\frac{1}{32}$	7$\frac{13}{16}$ - 7$\frac{11}{16}$
Swiss Franc	3½ - 3⅜	3½ - 3⅜	3⅝ - 3½	3¾ - 3⅝	3$\frac{15}{16}$ - 3$\frac{13}{16}$	4$\frac{7}{16}$ - 4$\frac{5}{16}$
Can. Dollar	7$\frac{13}{16}$ - 7$\frac{11}{16}$	8⅛ - 7⅞	8$\frac{1}{16}$ - 7$\frac{15}{16}$	8⅛ - 8	8$\frac{3}{16}$ - 7$\frac{15}{16}$	8$\frac{1}{16}$ - 7$\frac{15}{16}$
US Dollar	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6⅛ - 6	6¼ - 6⅛	6½ - 6⅜	6$\frac{13}{16}$ - 6$\frac{11}{16}$
Italian Lira	10½ - 6	10$\frac{5}{16}$ - 10⅛	10½ - 10⅜	10¾ - 10⅝	11⅛ - 11	11¾ - 11⅝
Yen	2⅝ - 2¼	2¼ - 2$\frac{3}{16}$	2¼ - 2$\frac{3}{16}$	2$\frac{3}{8}$ - 2$\frac{1}{4}$	2$\frac{3}{8}$ - 2$\frac{1}{4}$	2⅜ - 2¼
Asian $Sing	1½ - 1⅜	1 - ⅞	1$\frac{15}{16}$ - 1$\frac{13}{16}$	2$\frac{3}{8}$ - 2$\frac{1}{4}$	2¾ - 2⅝	3¼ - 3⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.24	92.29	+0.23	92.29	92.06	33,770	58,221
Sep	93.02	93.05	+0.15	93.07	92.86	8,564	33,518
Dec	93.18	93.11	+0.07	93.16	93.02	4,348	22,878
Mar	92.98	93.03	+0.07	93.04	92.92	1,869	18,725

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.50	93.54	+0.06	93.50	93.50	50	550
Sep	-	93.34	+0.07	-	-	0	384
Dec	-	93.16	+0.10	-	-	0	270
Mar	-	93.09	-	-	-	0	0

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.78	94.77	-	94.78	94.73	28856	223431
Sep	94.46	94.48	-0.01	94.47	94.42	26034	153005
Dec	94.11	94.11	-0.01	94.12	94.07	18907	123153
Mar	93.77	93.79	-	93.80	93.74	5530	82516

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	88.54	88.70	+0.16	88.78	88.47	11907	42245
Sep	88.34	88.47	+0.11	88.48	88.32	4352	27004
Dec	88.25	88.37	+0.11	88.38	88.24	1639	13281
Mar	88.15	88.32	+0.12	88.32	88.15	673	7978

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.07	96.10	+0.02	96.15	96.06	3991	21340
Sep	95.78	95.84	+0.01	95.86	95.78	683	6310
Dec	95.53	95.54	-	95.58	95.53	572	5650
Mar	95.32	95.35	+0.03	95.38	95.32	110	0

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.93	93.05	+0.11	93.06	92.91	2385	9782
Sep	92.88	92.96	+0.09	92.97	92.84	710	4443
Dec	92.60	92.69	+0.06	92.70	92.58	299	2403
Mar	92.20	92.34	+0.09	92.35	92.20	112	1592

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 14		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.43	17.20	4.844	2.173	5763	5.433	21.60	511.3	442.1	24.75	4.030	2.157	4.852	3.426	312.4	2.647
Denmark	(DKr)	51.46	10	8.854	2.493	1.116	2966	2.797	11.12	263.2	227.6	12.74	2.075	1.111	2.498	1.764	160.8	1.363
France	(FFr)	58.14	11.29	10	2.818	1.263	3350	3.158	12.56	297.3	257.0	14.39	2.343	1.254	2.821	1.992	181.6	1.539
Germany	(DM)	20.65	4.011	3.551	1	0.449	1190	1.122	4.459	105.6	91.27	5.109	0.832	0.445	1.002	0.707	64.50	0.547
Ireland	(I£)	46.03	8.941	7.917	2.229	1	2652	2.500	9.940	235.4	203.5	11.39	1.855	0.993	2.233	1.577	143.8	1.218
Italy	(L)	1.735	0.337	0.298	0.084	0.038	100.	0.094	0.375	8.873	7.671	0.429	0.070	0.037	0.084	0.059	5.421	0.046
Netherlands	(Fl)	18.41	3.576	3.166	0.892	0.400	1061	1	3.975	94.12	81.37	4.555	0.742	0.397	0.893	0.631	57.51	0.487
Norway	(NKr)	46.30	8.995	7.964	2.243	1.006	2669	2.515	10	236.8	204.7	11.46	1.866	0.999	2.247	1.586	144.7	1.226
Portugal	(Es)	19.56	3.799	3.364	0.947	0.425	1127	1.062	4.224	100.	86.46	4.840	0.788	0.422	0.949	0.670	61.10	0.518
Spain	(Pta)	22.62	4.394	3.891	1.096	0.491	1304	1.229	4.885	115.7	100.	5.598	0.912	0.488	1.098	0.775	70.67	0.599
Sweden	(SKr)	40.41	7.850	6.950	1.957	0.878	2329	2.195	8.727	206.6	178.6	10	1.629	0.872	1.961	1.384	126.2	1.070
Switzerland	(SFr)	24.81	4.820	4.268	1.202	0.539	1430	1.348	5.358	126.8	109.7	6.140	1	0.535	1.204	0.850	77.52	0.657
UK	(£)	46.35	9.004	7.972	2.245	1.007	2671	2.518	10.01	237.0	204.9	11.47	1.868	1	2.249	1.588	144.8	1.227
Canada	(C$)	20.61	4.004	3.545	0.998	0.448	1188	1.120	4.451	105.4	91.11	5.100	0.831	0.445	1	0.706	64.38	0.546
US	($)	29.18	5.670	5.020	1.414	0.634	1682	1.586	6.304	149.2	129.0	7.223	1.176	0.630	1.416	1	91.16	0.773
Japan	(Y)	32.01	6.216	5.508	1.550	0.695	1845	1.739	6.913	163.7	141.5	7.921	1.290	0.691	1.553	1.097	100.	0.847
Ecu		37.78	7.338	6.497	1.830	0.821	2177	2.052	8.158	193.2	167.0	9.348	1.522	0.815	1.833	1.294	118.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7144	0.7127	-0.0007	0.7146	0.7103	26,847	58,307
Sep	0.7138	0.7150	-0.0004	0.7164	0.7138	132	1,722
Dec	0.7170	0.7180	-0.0006	0.7180	0.7170	10	205

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8582	0.8586	+0.0006	0.8613	0.8540	13,398	25,950
Sep	-	0.8645	-	0.8662	0.8636	206	1,047
Dec	-	0.8710	-	0.8710	-	7	133

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.1140	1.1114	-0.0015	1.1151	1.1070	21,204	56,484
Sep	1.1270	1.1240	-0.0011	1.1270	1.1230	132	2,516
Dec	-	1.1386	-	-	-	10	326

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5900	1.5870	-0.0024	1.5900	1.5814	13,436	23,479
Jun	-	1.5820	-	-	1.5810	7	145
Sep	-	1.5760	-	-	1.5760	2	11

UK INTEREST RATES

LONDON MONEY RATES

Mar 14	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 5	5$\frac{13}{16}$ - 5¾	6$\frac{5}{16}$ - 6$\frac{3}{16}$	6¾ - 6⅝	7$\frac{3}{16}$ - 7$\frac{1}{16}$	7⅞ - 7$\frac{11}{16}$
Sterling CDs	-	-	6$\frac{9}{32}$ - 6$\frac{7}{32}$	6⅝ - 6$\frac{9}{16}$	7$\frac{1}{16}$ - 6$\frac{15}{16}$	7¾ - 7$\frac{5}{16}$
Treasury Bills	-	-	6⅛ - 6	6⅜ - 6¼	-	-
Bank Bills	-	-	6$\frac{7}{32}$ - 6⅛	6$\frac{13}{32}$ - 6$\frac{11}{32}$	6⅞ - 6¾	-
Local authority deps.	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5¾ - 5⅝	6⅜ - 6¼	6¾ - 6⅝	7⅛ - 7	7$\frac{9}{16}$ - 7$\frac{7}{16}$
Discount Market deps	7½ - 5⅛	5$\frac{9}{16}$ - 5$\frac{7}{16}$	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount 6.1262pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 8.06pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from Mar 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.22	93.26	+0.05	93.28	93.22	17410	62573
Jun	92.39	92.55	+0.19	92.59	92.37	50389	97559
Sep	91.92	92.10	+0.20	92.11	91.81	16173	65357
Dec	91.61	91.79	+0.20	91.81	91.61	8577	51897

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9325	0.03	0.02	0.06	0.02	0.72	1.21
9350	0	0.01	0.03	0.24	0.96	1.43
9375	0	0	0.01	0.49	1.20	1.66

Est. vol. total, Calls 11416 Puts 8504. Previous day's open int., Calls 236984 Puts 203277

EMS EUROPEAN CURRENCY UNIT RATES

Mar 14	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.07422	+0.00638	-3.62	8.77	-
Germany	1.91007	1.84903	+0.00577	-3.20	8.29	-
Austria	13.4383	13.0154	+0.0397	-3.15	6.24	-
Belgium	39.3950	38.2372	+0.002	-2.94	8.01	21
Portugal	195.792	194.942	-0.042	-0.43	5.29	3
Denmark	7.28580	7.43682	+0.00005	2.07	2.70	-14
France	6.40608	6.58513	-0.00658	2.80	1.98	-24
Spain	162.493	169.418	-0.884	4.26	0.54	-30
Ireland	0.792214	0.830485	-0.0033	4.83	0.00	-33
NON ERM MEMBERS						
Greece	292.867	300.465	+0.583	2.59	2.16	-
Italy	2106.15	2207.83	-14.12	4.82	0.01	-
UK	0.786652	0.826803	-0.003958	5.10	-0.25	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.525	6.60	7.06	7.43	0.53	1.07	1.55
1.550	4.68	5.28	5.78	1.07	1.77	2.33
1.575	3.04	3.77	4.31	1.94	2.68	3.30
1.600	1.88	2.58	3.14	3.17	3.97	4.59
1.625	1.07	1.74	2.27	4.85	5.55	6.12
1.650	0.56	1.10	1.56	6.82	7.39	7.87

Previous day's vol., Calls 3,095 Puts 9,870 . Prev. day's open int., Calls 202,138 Puts 292,962

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.50	93.54	+0.05	93.57	93.48	182,308	540,213
Sep	93.29	93.35	-0.07	93.39	93.28	116,488	323,150
Dec	93.07	93.16	+0.09	93.20	93.07	64,699	259,416

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.03	94.07	+0.04	94.09	94.03	1,891	19,084
Sep	93.86	93.89	+0.06	93.92	93.86	348	9,928
Dec	93.65	93.72	+0.09	93.74	93.65	138	6,493

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9475	0.12	0.15	0.19	0.15	0.10	0.14	0.17	0.44
9500	0.03	0.05	0.07	0.07	0.26	0.28	0.30	0.61
9525	0	0.01	0.02	0.03	0.48	0.49	0.50	0.82

Est. vol. total, Calls 4874 Puts 12656. Previous day's open int., Calls 125040 Puts 202592

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9600	0.15	0.14	0.11	0.06	0.30	0.57
9625	0.06	0.08	0.05	0.21	0.49	0.76
9650	0.02	0.04	0.02	0.42	0.70	0.96

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 856 Puts 480

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	• Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.00	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	• Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

● Members of London Investment Banking Association
• In administration

LONDON SHARE SERVICE

BANKS, MERCHANT

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

... as a guide only. See guide to London Share Service

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32½	—	234	£13½	2,123	2.4	ϕ
Barlow	♣	£8⅛	—	£6⅞	£3½	1,233	1.8	22.7
Gold Flds Prop R		144xq	—	152	75	14.7	7.2	ϕ
MK Props		90	—	98	85	3.62	12.9	-
SASOL	♥	574	+2	582	280	3,311	2.4	-
SA Brews	†	£17⅞	+⅛	£17⅞	£18	4,881	1.8	28.8
Tiger Oats		875	+188	875	538	1,318	1.7	21.2
Tongaat-Hulett	†‡	638	—	*762	358¼	579.7	2.2	19.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Not subject to ACT.
z Dividend yield includes a special payment.
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT7738. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg. Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK Prof Advisers 0800 414181 Jersey: 01534 71696
Private Clients 0800 414161 00 352 250404230
Frank O'Neill (44) 1732 777377 Hong Kong (852) 848 1000

	Selling Price	+ or -	Yield Gr's
A$ Accum	A$17.35	+0.003	6.50
A$ Dist	A$15.10	+0.003	6.50
ASch Accum	Sch238.79	+0.02	3.60
ASch Dist	Sch200.80	+0.02	3.60
BFr Accum	BFr538.15	+0.08	4.70
BFr Dist	BFr502.33	+0.07	4.70
C$ Accum	C$17.351	+0.004	[illegible]
C$ Dist	C$15.106	+0.003	[illegible]
DKr Accum	DKr107.95	+0.02	4.80
DKr Dist	DKr100.50	+0.02	4.80
DM Accum	DM38.708	+0.004	3.80
DM Dist	DM30.130	+0.003	3.80
DFl Accum	Dfl30.465	+0.003	3.90
DFl Dist	Dfl25.112	+0.003	3.90
ECU Accum	Ecu12.641	+0.001	5.20
ECU Dist	Ecu10.054	+0.001	5.20
FM Accum	FM105.31	+0.01	3.90
FM Dist	FM100.43	+0.01	3.90
FFr Accum	FFr62.811	+0.013	5.90
FFr Dist	FFr50.265	+0.010	5.90
HK$ Accum	HK$111.32	+0.02	6.00
HK$ Dist	HK$100.68	+0.02	6.00

GUERNSEY (SIB RECOGNISED)

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.
Intl Currencies Fd Ltd

	Selling Price	+ or -	Yield Gr's
US$	$40.76	—	4.87
Canadian $	C$61.39	+0.01	6.78
£ Sterling	£29.41	+0.01	4.85
D-Mark	DM80.93	+0.01	3.67
Swiss Franca	SFr84.25	+0.04	2.31
Japanese Yen	Y8351	+1	1.26
Managed Fund	$43.00	+0.01	—

Latest Fund Prices 24hr service 01481 718043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 248, St Peter Port, Guernsey 01481 723021

	Selling Price	Buying Price	+ or -	Yield Gr's
GlobalSar Dollar Accum 5	$26.71	28.39	-0.04	—
GlobalSar Dollar Dist. 5	$25.24	26.82	-0.04	2.88
GlobalSar-£ 5	£16.01	16.88	-0.33	3.96
(Accum Units) 5	£18.48	19.80	-0.27	—

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 285, St Peter Port, Guernsey 01481 710651

	Selling Price	Buying Price	+ or -	Yield Gr's
European Bd $ 3	$11.0329	11.4171	—	7.88
Approx Stlg Equiv 3	£6.7957	7.0323	—	7.88

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd
Emerging Mkts Unit Tr Pfds. | $11.69 | 12.30 | — | —

Apollo Investment Management Ltd
Japan | £9.971 | 10.536 | — | —
Tiger | £9.223 | 9.811 | — | —

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd
Managed Currency | $10.75 | 10.79 | — | —

GT Asset Management - Contd.

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars.
Yields % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(☆) - 0001 to 1100 hours
(●) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours
(#) - 1701 to midnight
E - Exit charge on sale of units.
C - Manager's periodic charge deducted from capital.
H - Historic pricing F - Forward pricing
θ - Distribution free of UK taxes.
p - Periodic premium insurance plans.
s - Single premium insurance.
n - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
A - Offered price includes all expenses except agent's commission.
z - Previous day's price.
ŞŞ - Guernsey gross.
φ - Yield before Jersey tax.
† - Ex-subdivision.
Σ - Only available to charitable bodies
Φ - Yield column shows annualised rates of NAV increase.
xd - Ex-Dividend.

LONDON STOCK EXCHANGE

MARKET REPORT

Declining retail sales calm interest rate worry

By Terry Byland, UK Stock Market Editor

An unexpected fall in US retail sales for last month soothed interest rate concerns yesterday in a London stock market already encouraged by reports of similar sales trends at home.

With the Dow Jones Industrial Average challenging all-time peaks in UK trading hours, London's blue chips closed strongly, lifting the FT-SE 100 Share Index by nearly 39 points.

"Bad news was good news today," was the comment on the trading desks. After an uncertain start, equities turned higher, led by British government bonds, as the latest survey of distributive trades by the Confederation of British Industry indicated retail sales volumes were likely to fall this month.

But it was the news from New York which drove London ahead in late afternoon, extending the morning's 20 point gain in the Footsie.

At the close, the FT-SE 100 Share Index was 38.8 points up at 3,050.6, the best of the day. The FT-SE Mid 250 Index, less directly influenced by international factors, was content with a gain of 16.9 to 3,3332.5.

The wider economic background to the stock market was also more favourable yesterday. Currency markets were quieter and, although some analysts in London approached the US retail sales figures with caution, these provided a lead for the rest of the week.

Today and tomorrow will bring a host of important data on the US economy which will also have implications for the US Federal Reserve's policies. Statistics on US manufacturing production and plant capacity, both due today, will be keenly awaited by investors both inside and outside the US.

The end of the week will also feature economic statistics in the UK, with this morning led by the latest retail sales numbers, which are likely to confirm the trends identified by the CBI. They will be accompanied by unemployment, earnings and wage cost figures which will be eagerly scanned for indications of inflationary trends.

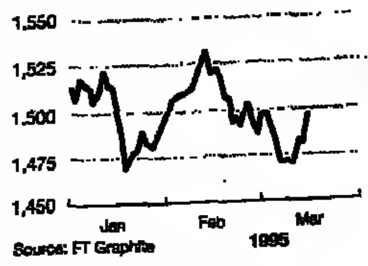
Seaq volume of 651.9m shares yesterday compared with 470.2m in the previous session, when retail business in equities was worth £1.56bn. Traders noted that volume increased sharply at mid-morning when a sizeable trading programme crossed the Seaq screens. Around 55 per cent of yesterday's equity business was in non-Footsie stocks.

Company results and takeover speculation played a less significant role in the stock market yesterday. However, Kingfisher pleased the market by raising the dividend, even as it disclosed the lower profits which had been widely foreseen.

There was renewed activity, and a higher share price, in Northern Electricity, but the shares remained nearly £2 below the second offer from Trafalgar House. The market could not see how this bid can proceed any further, unless the Northern board changes its mind and allows the bid to go before the shareholders.

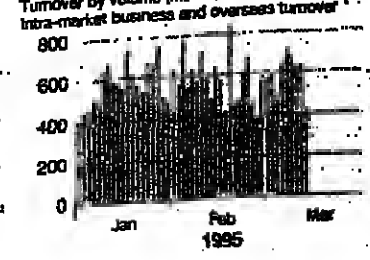
The market resounded with hints that leading investment institutions were trying to persuade the UK Takeover Panel to insist that Trafalgar's offer goes to shareholders but investors were clearly giving little credence to them.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3050.6	+38.8
FT-SE Mid 250	3332.5	+16.9
FT-SE-A 350	1514.2	+16.7
FT-SE-A All-Share	1496.02	+15.37
FT-SE-A All-Share yield	4.24	(4.28)
FT Ordinary Index	2338.2	+30.8
FT-SE-A Non Fins p/e	16.63	(16.52)
FT-SE 100 Fut Mar	3057.0	+49.0
10 yr Gilt yield	8.60	(8.75)
Long gilt/equity yld ratio:	2.04	(2.06)

Best performing sectors

1	Tobacco	+2.0
2	Spirits, Wines & Cids	+1.9
3	Diversified Inds	+1.9
4	Extractive Inds	+1.8
5	Life Assurance	+1.8

Worst performing sectors

1	Health Care	-0.3
2	Oil Exploration	-0.2
3	Property	-0.2
4	Distributors	-0.1
5	Engineering, Vehicles	+0.1

Dividend deals in Vodafone

There was exceptionally heavy trading and a strong performance from shares in Vodafone, the UK's biggest cellular phones group, with brokers citing a "dividend washing" operation.

Turnover in Vodafone suddenly jumped to 35m, in mid-session. At first, dealers were at a loss to explain the sudden burst of activity and there were suggestions that another large block of shares had changed hands, in a move similar to the institutional selling order transacted earlier this year.

But it later became apparent that four blocks of 7m Vodafone each had been traded at 192p by Merrill Lynch, the US brokerage, to take advantage of the differential in dividend payment dates between the US and the UK. The same amount of stock is expected to trade this morning at a marginal premium, of 0.25p a share, or 192¼p.

It was also suggested that Vodafone could be heading for another set of excellent new subscriber figures for its cellular system, with some brokers talking a very bullish view of customer figures due in April.

A more fundamental reason behind the good showing of the shares was that Fidelity, one of the world's biggest mutual funds, had increased its holding in Vodafone from a shade more than 5 per cent to six per cent over the past month or so, buying around 25m shares.

Northern rally

The see-saw performance of Northern Electricity shares continued, with the stock price embarking on a determined surge yesterday, as some market observers scented the chances that Trafalgar House's revised bid might yet be offered to Northern shareholders. Northern shares jumped almost 7 per cent, closing 51 higher at 789p.

Dealers said shareholders would almost certainly accept the 950p a share offered by Trafalgar House, given the chance. Some big institutional shareholders were believed to be putting pressure on Northern and the takeover panel to enable shareholders to vote on the latest bid.

There were stories in the market yesterday that the panel would allow the offer to be put to shareholders, although most analysts said such a move would be unlikely.

The other Recs were mixed.

Carlton wanted

Carlton Communications rose 15 to 890p following news of bumper video sales of the Walt Disney film, "The Lion King". Through its subsidiary, Technicolor, Carlton is a leading provider of pre-recorded videos for Disney.

Advertising group Saatchi & Saatchi gained 1½ to 87½p after announcing a 69 per cent rise in profits to £32.4m. However analysts said the figures were in line with forecasts and there was little upside in the shares.

Television group Yorkshire Tyne Tees, which had suffered from concerns that cross media ownership would be reined back, rebounded 27 to 393p. The group announced a fifteen-month profit of £10.5m, against a full year loss of £7.9m previously. Pearson, which has a big stake in Yorkshire, recouped 16 to 562p.

Financial stocks occupied five out of the top ten places in the FT-SE 100 performance table. Dealers noted recent shifts in broker recommendations and renewed talk of a series of big rationalisation moves as being behind the strong performances of both the banks and insurance areas.

Royal Insurance topped the table, the shares racing up 11 to 289p, with one of the market's leading brokerages said to have been promoting the stock yesterday.

TSB, a long-time takeover favourite, jumped 8 to 234p and Abbey National, said to be pondering a major building society acquisition, was 13½ higher at 437½p. Standard Chartered added a further 7 at 284p.

The long-neglected building sectors began to show signs of attracting increased attention. Construction issues were again highlighted by the outstanding performance of Persimmon, whose shares raced up 11 to 184p, in the wake of the press response to Monday's preliminary figures.

Mr Jeremy Withers Green, construction analyst at Williams de Broe, the stockbroker, reaffirmed his "buy" recommendation and said "the shares have underperformed the market by 45 per cent over the last year as last spring's euphoria has dissipated; enough is enough."

Other good performers among the housebuilders included Wilson Connolly, reporting next Tuesday, 6 higher at 136p, and Barratt Developments, due to announce preliminary figures on March 22, which edged up 4 to 167p.

In building materials, Wolseley delivered the worst performance of any FT-SE 100 constituent, the shares falling 7, or 2 per cent, to 341p in the wake of the cautious comments which accompanied the interim figures. Estimates for the full year were generally reduced by around £5m.

Blue Circle jumped 7 to 274p, helped by a broker recommendation and ahead of figures on Monday.

Delta, the electricals/engineering group, delivered one of the best performances among the second-line stocks, after announcing preliminary figures at the top of market estimates and also hosting a confident post-results meeting with industry analysts.

Analysts quickly reviewed their profits forecasts for the group, lifting estimates for the current year to the mid-£80m's and into three figures for next year.

Delta shares were the seventh-best performers in the FT-SE Mid 250 index, closing 18, or 4.2 per cent, higher at 450p.

Euro Disney, added 5 to 156p after the company said at its annual meeting that attendance at the theme park had improved significantly. The company said it still hopes to break even by the end of 1996.

It was also a favourable annual meeting that boosted First Leisure. The shares firmed 3 to 279p.

Retailer Kingfisher, which as expected reported a decline in full year figures, was in demand after the group said it would not need the provisions for restructuring it warned in January may be necessary. The shares jumped 5 to 440p in active trading, with sentiment enhanced by a James Capel recommendation saying, "At the current level, the shares offer significant potential for outperformance."

However, BZW was cautious following the figures and Mr Tony Shiret at the investment bank said: "I don't think the radical rethink that is necessary for the future of Kingfisher is taking place."

In food manufacturing, United Biscuits hardened 1 to 343p as NatWest Securities recommended the stock ahead of tomorrow's figures.

Pharmaceuticals groups were well supported, Glaxo rising 8 to 697p and Wellcome 6 to 1052p as investors warmed to the impending takeover. Zeneca, hard hit in recent weeks, recovered 13 to 855p.

FINANCIAL TIMES EQUITY INDICES

	Mar 14	Mar 13	Mar 10	Mar 9	Mar 8	Yr ago	*High	*Low
Ordinary Share	2358.2	2307.4	2311.9	2288.8	2291.8	2589.3	2713.6	2238.3
Ord. div. yield	4.53	4.56	4.57	4.60	4.60	3.61	4.66	3.43
Earn. yld. % full	7.31	7.39	7.37	7.21	7.20	4.91	7.39	3.82
P/E ratio net	16.30	16.11	16.16	16.40	16.42	22.11	23.43	16.11
P/E ratio nil	15.95	15.77	15.81	15.94	15.95	23.09	30.80	15.77

*For 1994/5. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40. FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2304.2	2312.9	2321.2	2323.0	2327.3	2329.4	2331.1	2333.0	2335.1	2338.2	2304.2

	Mar 14	Mar 13	Mar 10	Mar 9	Mar 8	Yr ago
SEAQ bargains	27,947	23,987	24,980	26,088	28,309	33,617
Equity turnover (£m)†	-	1004.9	1563.1	1497.9	1649.3	1406.9
Equity bargains†	-	34,179	33,293	36,226	39,655	38,574
Shares traded (ml)†	-	424.2	631.4	620.5	620.0	535.7

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	729	Total Highs	21	Total contracts	37,229
Total Falls	488	Total Lows	111	Calls	14,891
Same	1,661			Puts	22,338

March 14 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3009.0	3057.0	+49.0	3058.0	3007.0	20977	34405
Jun	3015.0	3061.5	+48.0	3063.0	3013.0	12026	34067
Sep	3067.5	3066.5	+48.5	3067.5	3067.5	110	890

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3320.0	3327.5	+12.5	3345.0	3320.0	2158	2599
Jun	3341.0	3350.0	+10.0	3367.0	3341.0	2158	1956

FT-SE 100 INDEX OPTION (LIFFE) (*3047) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P
Mar	107	1	57	1	108	1	61½	4	22	18	3½	52½
Apr	208½	9	165	15	125	25	89½	39	59½	59½	37	86½
May	228	19	185	27½	149½	41	115	57	88	77½	62½	103½
Jun	234½	27	197	39	165½	52	139	70½	101	91	78½	118
Dec†			287½	82½			228½	119			173½	184½

Calls 10,181 Puts 8,238

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2875		2925		2975		3025		3075		3125		3175		3225	
Mar	182	1	132	1	84	2	39	7	10½	28	1	69	1	118½	1	168½
Apr	186	12	144½	19½	107½	32	75½	49½	48½	73½	30½	104	17	140	9	181½
May	207	22½	167	32½	131	45½	99½	65	73	89½	51½	117	35	150½	23	188½
Jun	228	37	183½	49½	150	65	120	84½	93	106	70	132½	51½	163	39½	197
Sept†	231	75					169	109½			115	153½			73½	207½

Calls 4,854 Puts 3,135 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
150	F.P.	507.9	165	154	Albright & Wilson	182	-1	RN8.0	1.5	4.6	18.0
§10	F.P.	18.1	13¼	12	Bath Press	12½		-	-	-	-
-	F.P.	20.5	201	198	Beale	200		RN5.9	-	3.7	-
-	F.P.	26.5	126	123	Colleagues	126		-	-	-	-
§128	F.P.	15.6	135	130	Dailywin	130	-1	RN8.0	2.2	5.8	6.8
§125	F.P.	21.1	131	128	GET Group	128		N-	-	-	11.1
100	F.P.	30.0	101	100	Geared Inc Inv C	100		-	-	-	-
§135	F.P.	17.0	139	126	Golden Rose	127		-	-	-	-
100	F.P.	152.0	96	95	HTR Inc Gth Sp Inc	95		-	-	-	-
100	F.P.	92.7	103½	102	Do. Zero Div Pf	103		-	-	-	-
-	F.P.	21.8	87	83	Inv Tst of Inv Tsts	84		-	-	-	-
-	F.P.	2.91	58	56	Do. Warrants	56		-	-	-	-
35	F.P.	21.4	38	33	MCIT S Cap	33		-	-	-	-
35	P.P.	23.4	36	36	MCIT 8 Inc	36		-	-	-	-
-	F.P.	0.36	5	3	Melrose Warrants	3½		-	-	-	-
476	170	6,121.6	193	163½	*Natl Power (P/P)	171½	-½	FN15.45	2.6	4.0	13.1
150	F.P.	15.6	160	150	Photobition	153		RN8.0	2.6	4.9	11.1
512	185	4,034.9	206	178½	*PowerGen (P/P)	187	+1	FN15.0	3.2	3.8	11.1
-	F.P.	78.3	498	493	Schroder I O Uts	495		-	-	-	-
-	F.P.	24.0	101½	100	Throg Dl Zero Pf	101		-	-	-	-
-	F.P.	4.40	11¼	10½	Wessex Trust	11		-	-	-	-
145	F.P.	65.3	183	170	Zotefoams	180	-2	W4.65	2.1	3.2	18.2

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Mar 13	% chg on day	Mar 10	Mar 9	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1838.18	+1.2	1815.23	1805.21	2026.58	2.18	2337.98	1657.81
Regional Indices								
Africa (16)	2738.86	-0.2	2745.12	2650.18	2748.44	4.98	3711.87	2304.45
Australasia (7)	2049.25	+1.5	2018.07	2031.29	2543.79	0.88	2851.48	1788.20
North America (11)	1542.38	+1.9	1513.96	1527.36	1741.67	0.73	1911.21	1348.18

Copyright, The Financial Times Limited 1995. † Partial. Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. PLEASE NOTE: Africa Index reflects introduction of unified rand.

FT - SE Actuaries Share Indices — The UK Series

	Mar 14	Day's chge%	Mar 13	Mar 10	Mar 9	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3050.6	+1.3	3011.8	3021.1	2986.9	3267.4	4.42	8.07	14.68	21.60	1173.07
FT-SE Mid 250	3332.5	+0.5	3316.6	3320.4	3311.1	3902.5	3.85	8.83	17.59	14.88	1261.07
FT-SE Mid 250 ex Inv Trusts	3338.5	+0.5	3320.6	3326.8	3317.4	3918.2	4.01	7.39	16.36	14.98	1261.55
FT-SE-A 350	1514.3	+1.1	1497.6	1501.7	1487.5	1655.5	4.30	7.79	16.39	9.92	1190.86
FT-SE-A 350 Higher Yield	1534.4	+1.3	1515.0	1521.0	1507.7	1661.9	5.33	8.37	14.40	13.98	994.07
FT-SE-A 350 Lower Yield	1493.8	+1.0	1479.8	1482.0	1467.0	1607.2	3.26	7.21	16.54	5.96	988.64
FT-SE SmallCap	1681.04	+0.1	1678.61	1678.66	1680.00	2011.95	3.53	5.24	23.67	8.61	1320.74
FT-SE SmallCap ex Inv Trusts	1659.93	+0.1	1658.18	1659.93	1660.63	1992.18	3.74	5.85	21.49	8.37	1308.31
FT-SE-A ALL-SHARE	1496.02	+1.0	1480.65	1484.36	1471.59	1646.57	4.24	7.59	15.82	8.65	1196.29

FT-SE Actuaries All-Share

	Mar 14	Day's chge%	Mar 13	Mar 10	Mar 9	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2644.12	+1.1	2616.15	2629.52	2595.99	2531.12	3.88	6.77	18.49	9.36	1071.26
12 Extractive Industries(7)	3505.69	+1.8	3441.07	3474.68	3455.69	3968.30	4.01	7.86	15.84	1.44	967.77
15 Oil, Integrated(3)	2647.17	+1.0	2620.08	2630.28	2587.50	2433.11	3.99	7.08	17.59	11.39	1097.84
16 Oil Exploration & Prod(14)	1878.47	-0.2	1882.66	1896.89	1909.29	1849.64	2.80	1.44	80.00†	4.65	1089.52
20 GEN INDUSTRIALS(276)	1797.54	+0.9	1780.68	1783.98	1767.07	2174.76	4.39	6.72	17.90	8.15	926.60
21 Building & Construction(38)	900.54	+1.1	890.48	891.06	892.22	1452.93	4.33	7.35	17.58	2.08	712.67
22 Building Matls & Merchs(31)	1670.99	+0.5	1663.17	1662.86	1647.71	2302.06	4.62	7.46	15.79	0.88	795.68
23 Chemicals(23)	2153.12	+0.3	2145.68	2179.80	2161.10	2473.50	4.43	5.81	20.63	22.50	972.36
24 Diversified Industrials(17)	1800.46	+1.9	1767.15	1766.03	1740.59	2173.45	5.28	7.21	16.70	13.34	939.25
25 Electronic & Elect Equip(36)	1892.16	+1.4	1866.70	1871.68	1868.07	2118.64	3.84	7.00	15.97	2.82	936.39
26 Engineering(72)	1740.92	+0.4	1733.47	1732.36	1713.25	1971.92	3.54	6.38	18.81	8.64	1308.54
27 Engineering, Vehicles(13)	2123.64	+0.1	2121.33	2120.52	2098.57	2350.27	4.80	3.18	42.55	5.64	1042.33
28 Paper, Pckg & Printing(27)	2699.32	+0.9	2675.64	2674.29	2647.64	3032.60	3.43	7.06	16.49	0.17	1068.71
29 Textiles & Apparel(21)	1406.73	+0.2	1404.27	1409.77	1405.26	1977.43	4.86	7.50	17.20	1.88	806.43
30 CONSUMER GOODS(96)	2886.56	+1.0	2857.63	2858.59	2823.00	2885.47	4.34	6.77	17.88	25.06	1012.03
31 Breweries(18)	2112.79	+0.9	2096.17	2105.21	2083.20	2251.04	4.54	8.77	13.62	11.98	967.97
32 Spirits, Wines & Ciders(10)	2556.23	+1.8	2506.01	2518.90	2472.68	3132.32	4.46	7.70	15.35	26.30	872.61
33 Food Producers(24)	2347.96	+0.4	2339.24	2343.41	2325.27	2348.11	4.27	7.70	15.72	14.70	1005.30
34 Household Goods(10)	2431.29	+0.6	2417.74	2459.43	2465.93	2714.29	3.67	6.88	17.50	1.97	881.49
36 Health Care(18)	1588.74	-0.3	1593.43	1593.55	1590.18	1784.42	3.24	3.62	37.75	3.40	929.79
37 Pharmaceuticals(13)	3670.50	+0.9	3638.42	3628.55	3581.22	3087.38	3.93	4.69	26.19	46.61	1193.62
38 Tobacco(2)	3664.28	+2.0	3592.72	3586.05	3509.67	4077.10	6.23	11.18	11.17	0.00	835.65
40 SERVICES(230)	1841.06	+1.0	1823.08	1826.29	1813.39	2101.60	3.48	7.12	17.08	7.11	915.99
41 Distributors(32)	2271.02	-0.1	2274.27	2289.74	2298.28	3095.29	4.15	7.89	15.05	11.88	797.72
42 Leisure & Hotels(29)	2070.57	+1.1	2048.48	2048.55	2036.46	2325.66	3.69	5.60	21.96	21.56	1037.47
43 Media(43)	2708.73	+1.2	2677.43	2683.18	2674.47	3261.09	2.72	5.66	18.72	6.35	945.35
44 Retailers, Food(16)	1809.33	+1.2	1797.57	1792.68	1759.65	1654.90	3.64	8.86	13.84	2.69	1093.56
45 Retailers, General(44)	1521.87	+1.1	1505.43	1507.62	1496.11	1758.49	3.53	7.60	16.30	5.26	831.15
46 Support Services(36)	1456.21	+0.9	1443.26	1438.12	1428.50	1738.60	2.98	7.24	16.66	3.21	893.84
49 Transport(21)	2115.01	+0.6	2101.96	2106.94	2102.17	2594.23	4.05	7.13	16.68	6.31	907.83
51 Other Services & Business(7)	1156.21	+0.2	1153.34	1154.09	1154.54	1226.80	3.88	4.80	28.13	5.42	1007.65
60 UTILITIES(37)	2217.96	+1.2	2192.36	2205.07	2188.81	2448.18	4.90	9.42	12.68	6.85	873.89
62 Electricity(17)	2135.57	+0.9	2115.65	2131.46	2110.49	2337.94	4.79	12.19	8.79	19.89	913.93
64 Gas Distribution(2)	1902.39	+1.5	1874.09	1880.24	1881.05	2065.73	6.30	7.26	17.21	0.00	893.58
66 Telecommunications(5)	1929.03	+1.3	1904.27	1909.27	1894.52	2152.93	4.24	6.97	17.49	0.13	837.25
68 Water(13)	1705.06	+0.8	1690.85	1717.17	1721.00	1904.13	5.87	14.05	7.76	4.62	869.42
69 NON-FINANCIALS(684)	1616.48	+1.0	1600.13	1604.05	1588.56	1772.13	4.19	7.27	16.63	5.17	1160.36
70 FINANCIALS(118)	2139.75	+1.3	2112.72	2121.01	2111.05	2379.38	4.91	10.54	11.26	29.84	868.40
71 Banks, Retail(8)	2810.61	+1.6	2767.60	2763.96	2769.35	3082.39	4.86	12.65	9.23	54.28	863.01
72 Banks, Merchant(8)	2926.83	+0.8	2903.71	2896.12	2859.34	2969.79	3.88	9.30	12.45	15.72	883.58
73 Insurance(26)	1195.11	+1.8	1176.39	1184.14	1174.16	1357.13	5.93	10.26	12.37	21.58	841.60
74 Life Assurance(6)	2445.62	+1.8	2403.40	2408.26	2417.41	2565.40	5.24	7.62	16.01	0.00	948.48
77 Other Financial(23)	1848.64	+0.7	1836.14	1828.05	1830.92	2033.16	4.10	8.48	13.98	11.01	1004.70
79 Property(46)	1367.12	-0.2	1369.28	1369.46	1363.45	1717.54	4.43	5.01	24.96	4.38	785.79
80 INVESTMENT TRUSTS(133)	2562.45	+0.4	2553.43	2547.71	2541.66	2836.63	2.47	2.00	49.89	11.79	869.72
89 FT-SE-A ALL-SHARE(916)	1496.02	+1.0	1480.65	1484.36	1471.59	1646.57	4.24	7.59	15.82	8.65	1196.29
FT-SE-A Fledgling	949.50	+0.1	949.00	949.47	950.53	-	3.69	-	-	4.86	953.95
FT-SE-A Fledgling ex Inv Trusts	947.65	—	947.47	948.61	949.63	-	3.27	-	-	4.79	952.28

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	15.10	High/day	Low/day
FT-SE 100	3008.7	3018.7	3028.8	3028.7	3034.1	3038.0	3040.2	3043.1	3047.4	3050.6	3008.6
FT-SE Mid 250	3314.3	3316.8	3320.3	3324.8	3328.9	3328.0	3329.1	3330.8	3331.0	3332.6	3314.2
FT-SE-A 350	1496.3	1500.4	1504.7	1505.1	1507.4	1509.0	1510.0	1511.2	1513.0	1514.3	1496.3

Time of FT-SE 100 Day's high: 4.30pm Day's low: 8.32am. FT-SE 100 1994 High: 3520.3(2/2/94) Low: 2876.6(24/6/94).

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	15.10	Close	Previous	Change
Bldg & Cnstrcn	880.1	861.0	862.1	865.1	866.4	867.9	867.8	871.1	876.2	876.5	862.0	+14.5
Pharmaceuticls	3612.1	3625.0	3631.2	3622.8	3628.6	3628.8	3631.5	3634.1	3641.8	3642.5	3610.4	+32.1
Water	1670.0	1676.0	1672.5	1680.5	1685.9	1692.3	1696.7	1696.4	1695.7	1697.0	1682.6	+14.4
Banks, Retail	2799.1	2807.3	2820.2	2820.0	2824.3	2831.8	2836.7	2836.6	2841.3	2846.5	2802.9	+43.6

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1995. © The Financial Times Limited 1995. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	198	358	+2
ASDA Group†	10,000	71¼	+1¼
Abbey National†	2,300	437½	+13½
Albert Fisher	550	40	
Allied Domecq†	1,500	505	+10
Anglian Water	874	457	+1
Argos	878	355½	+1½
Argyll Group†	2,100	282	+3
Arjo Wiggins†	8,000	238	
Assoc. Brit. Foods†	171	578	+4
Assoc. Brit. Ports	1,600	266	-1
BAA†	3,100	425	+5½
BAT Inds.†	3,600	438	+5
BET	3,200	108	+3
BICC	2,000	333	+4
BOC†	778	698	+1
BP†	5,800	405½	+3½
BPB Inds.	825	277	+1
BT†	10,000	370½	+4½
BTR†	13,000	329	+9½
Bank of Scotland†	2,800	210	-1
Barclays†	3,100	598	+8
Bass†	2,300	489	+8
Blue Circle†	2,200	274	+7
Booker	692	385	+1
Boots†	3,100	497½	+8
Bowater†	2,800	413½	+12½
Brit. Aerospace†	2,100	490	+5
British Airways†	5,100	384½	+2½
British Gas†	8,000	287½	+4½
British Land	294	365	
British Steel†	1,900	158½	-2
Bunzl	844	170½	+6
Burmah Castrol†	93	851	+3
Burton	2,800	71	+1
Cable & Wire†	2,700	388	+6
Cadbury Schweppes†	2,600	435	+6
Caradon†	1,500	244	+2
Carlton Comms.†	806	890	+15
Coats Viyella	988	171½	+1½
Comm. Union†	2,500	536	+11
Cookson	2,500	200	+6
Courtaulds†	298	450	
Dalgety	1,300	400	-3
De La Rue†	940	889	
Dixons	638	207½	-½
Eastern Elect.†	1,300	593	+12
East Midland Elect.	201	604	+4
Electrocomps	200	483	
Eng China Clays	319	359	+6
Enterprise Oil†	4,700	383	+5
Eurotunnel Units	79	266	
FKI	1,100	136	-2
Fisons	8,400	150	+1
Foreign & Col. I.T.	1,000	131	+1
Forte†	3,000	236	+2
Gen. Accident†	1,300	542	+6
General Elect.†	2,200	287½	+5
Glaxo†	7,800	697	+8
Glynwed	1,500	293	-5
Granada†	872	513	+8
Grand Met.†	4,300	378½	+7½
GUS†	536	532	+1
GRE†	588	176	+2
GKN†	640	598	+1
Guinness†	5,000	423	+6
HSBC (75p shs)†	2,400	666	+6
Hammerson	503	316	-1
Hanson†	8,900	238¼	+3¼
Harrisons Crosfield	701	142	
Hays	2,000	282	+1
Hillsdown	4,600	173	
IMI	162	300	
ICI†	1,600	678	
Inchcape†	3,200	304	-1
Johnson Matthey	88	512	
Kingfisher†	4,600	440	+5
Kwik Save	1,500	526	+6
Ladbroke†	1,700	171	+2
Land Securities†	1,500	594	
Laporte	185	659	+4
Legal & General†	1,600	455	+6
Lloyds Abbey	1,300	334	
Lloyds Bank†	5,400	571	+5
LASMO	2,400	152	-3
London Elect.	226	607	+2
Lonrho	1,900	137	+1
Lucas	712	190	+1
MEPC†	218	388	-2
MFI	86	112½	+½
Manweb	84	651	+6
Marks & Spencer†	4,300	381	+8½
Midlands Elect.	120	624	-3
Morrison (Wm.)	1,600	138	
NFC	725	167	+1
NatWest Bank†	2,700	501	+5
National Power†	5,900	436½	+3½
Next	482	263	+2
North West Water†	707	514	+11
Northern Elect.	3,100	789	+51
Northern Foods	478	206	
Norweb	48	693	-2
Pearson†	1,100	562	+16
P & O†	1,300	565	+2
Pilkington	4,800	187	+2
PowerGen†	1,900	473	+7
Prudential†	3,900	307	+7
RMC†	895	959	+7
RTZ†	3,700	794	+15½
Racal	263	234	+1
Rank Org.†	852	390	+7
Reckitt & Colman†	2,400	618	+5
Redland†	1,200	434	+2½
Reed Intl.†	1,700	719	+6
Rentokil†	3,200	235½	+3½
Reuters†	5,200	452	+6
Rolls Royce†	5,200	100	+1
Ryl Bk Scotland†	861	410½	+1½
Royal Insurance†	3,700	289	+11
Sainsbury†	1,300	420	+6
Schroders†	47	1440	+2
Scottish & New.†	1,400	497	+6
Scot. Hydro-Elect.	1,800	307	+3
Scottish Power†	2,200	321	+5
Sears†	8,200	99½	
Sedgwick	1,300	184	-1
Seaboard	553	350	-5
Severn Trent†	881	490	+9
Shell Transport†	4,000	724	+6
Siebe†	880	523	-2
Slough Ests	400	228	-1
Smith (W.H.)	968	419	+6
Smith & Nephew†	2,100	153	-1½
SmKl Beecham†	3,300	516½	+1½
SmKl Beecham Uts.†	1,700	492	-1
Smiths Inds.	600	443	
Southern Elect.†	1,100	616	
South Wales Elect.	1,100	665	+6
South West Water	38	469	+6
South West. Elect.	151	648	+4
Southern Water	186	527	
Standard Chartd.†	2,700	284	+7
Storehouse	1,100	214	+1
Sun Alliance†	2,700	307	+4
T&N	3,900	167	-2
TI Group†	1,800	345	+4
TSB†	11,000	234	+8
Tarmac	4,300	104½	+2½
Tate & Lyle	1,300	424	+7
Taylor Woodrow	148	119	
Tesco†	4,100	267½	+8
Thames Water†	1,400	475	+7
Thorn EMI†	1,100	1026	+9
Tomkins†	7,300	231	+6
Trafalgar House	12,000	56	+½
Unigate	169	368	+5
Unilever†	1,200	1182	-1
United Biscuits†	905	343	+1
Utd. Newspapers	365	505	+4
Vodafone†	35,000	195	+4
Warburg (SG)†	365	700	+8
Wellcome†	950	1052	+6
Welsh Water	289	567	-11
Wessex Water	1,300	285	+2
Whitbread†	398	534	+8
Williams Hldgs.†	1,800	219	-1
Willis Corroon	1,100	140	+1
Wimpey	929	117	-1
Wolseley†	5,200	341	-7
Yorkshire Elect.	182	687	+1
Yorkshire Water	103	480	+2
Zeneca†	4,000	838	+13

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 14 / Sch)

BELGIUM/LUXEMBOURG (Mar 14 / Frs.)

CZECH REP (Mar 14 / Koruna)

DENMARK (Mar 14 / Kr)

FINLAND (Mar 14 / Mkn)

FRANCE (Mar 14 / Frs.)

GERMANY (Mar 14 / Dm.)

GREECE (Mar 14 / Drachma)

ITALY (Mar 14 / Lira)

NETHERLANDS (Mar 14 / Fls.)

NORWAY (Mar 14 / Kroner)

POLAND (Mar 13 / Zloty)

PORTUGAL (Mar 14 / Escudo)

SPAIN (Mar 14 / Pts.)

SWEDEN (Mar 14 / Kronor)

SWITZERLAND (Mar 14 / Frs.)

TURKEY (Mar 14 / Tk Lira)

PACIFIC

JAPAN (Mar 14 / Yen)

HONG KONG (Mar 14 / H.K.$)

INDONESIA (Mar 14 / Rupiah)

MALAYSIA (Mar 14 / MYR)

NEW ZEALAND (Mar 14 / NZ $)

SINGAPORE (Mar 14 / S$)

AUSTRALIA (Mar 14 / Aust$)

SOUTH KOREA (Mar 14 / Won)

TAIWAN (Mar 14 / TW $)

THAILAND (Mar 14 / Baht)

AFRICA

SOUTH AFRICA (Mar 14 / Rand)

NORTH AMERICA

CANADA

TORONTO (Mar 14 / Can $)

4 pm close

MONTREAL (Mar 14 / Can $)

4 pm close

INDICES

	Mar 14	Mar 13	Mar 10	1994/5 High	1994/5 Low
Argentina General (29/12/77)	(u)	11851.43	10892.74	25470.40 16/2/94	9631.09 9/3/95
Australia All Ordinaries(1/1/80)	1885.5	1884.5	1868.9	2340.60 3/2/94	1823.30 8/2/95
All Mining(1/1/80)	838.4	837.0	829.4	1139.10 3/2/94	795.30 8/2/95
Austria Credit Aktien(30/12/84)	366.48	367.84	367.64	480.86 2/2/94	361.34 3/2/95
Traded Index(2/1/91)	984.10	987.86	986.46	1222.25 1/2/94	968.30 3/2/95
Belgium BEL20 (1/1/91)	1303.04	1288.19	1282.24	1542.65 9/2/94	1271.53 9/3/95
Brazil Bovespa (29/12/83)	(u)	26709.0	26862.0	55110.09 13/9/94	3600.90 3/1/94
Canada Metals Minls♦(1975)	(u)	3676.08	3688.01	4026.07 18/1/95	3298.05 20/4/94
Composite♦ (1975)	(u)	4177.80	4167.80	4808.80 23/3/94	3869.90 24/6/94
Portfolio§§ (4/1/83)	(u)	2089.47	2084.51	2182.89 1/2/94	1858.48 28/6/94
Chile IPSA Gen (31/12/80)	(u)	4976.8†	4819.2	5754.40 21/11/94	3801.20 4/4/94
Denmark CopenhagenSE(3/1/83)	340.97	340.43	340.10	416.79 2/2/94	335.88 20/12/94
Finland HEX General(28/12/90)	1665.5	1659.2	1647.0	1972.80 4/2/94	1601.10 3/1/94
France SBF 250 (31/12/90)	1175.48	1154.41	1164.44	1685.28 2/2/94	1154.41 13/3/95
CAC 40(31/12/87)	1768.99	1721.80	1743.10	2355.93 2/2/94	1721.80 13/3/95
Germany FAZ Aktien(31/12/58)	743.80	749.78	741.39	859.27 18/5/94	741.39 10/3/95
Commerzbank(1/12/53)	2118.9	2138.6	2116.7	2465.50 2/5/94	2110.70 10/3/95
DAX (30/12/87)‡	2000.45	1999.49	1994.02	2271.11 16/5/94	1900.89 7/10/94
Greece Athens SE(31/12/80)	793.31	805.01†	810.41	1194.58 18/1/94	768.22 8/2/95
Hong Kong Hang Seng(31/7/64)	8094.58	8111.27	7949.39	12201.06 4/1/94	6967.93 23/1/95
India BSE Sens.(1979)	3465.13	3410.06	3540.15	4628.57 12/9/94	3233.31 22/2/95
Indonesia Jakarta Comp.(10/8/82)	425.22	428.94	432.73	612.89 5/1/94	425.22 14/3/95
Ireland ISEQ Overall(4/1/88)	1821.49	1818.66	1816.15	2082.16 20/1/94	1694.14 1/7/94
Italy Banca Comm Ital (1972)	601.04	598.86	605.09	817.17 10/5/94	581.64 13/12/94
MIB General (2/1/95)	949.0	946.0	956.0	1318.00 10/5/94	946.00 13/3/95
Japan Nikkei 225 (16/5/49)	16245.82	16477.54	16358.36	21552.81 13/6/94	16245.82 14/3/95
Nikkei 300 (1/10/82)	240.82	243.83	243.94	311.71 13/6/94	240.82 14/3/95
Topix (4/1/68)	1305.10	1320.17	1322.96	1712.73 13/6/94	1305.10 14/3/95
2nd Section (4/1/68)	1743.77	1760.27	1768.60	2542.85 6/7/94	1730.08 27/2/95
Malaysia KLSE Comp.(4/4/86)	929.71	932.02	935.12	1314.46 5/1/94	840.87 24/1/95
Mexico IPC (Nov 1978)	(u)	1585.02	1590.00	2881.17 8/2/94	1447.52 27/2/95
Netherland CBS TtlRtnGen(End 83)	428.2	426.0	426.8	454.80 31/1/94	408.30 21/6/94
CBS All Shr (End 83)	258.6	257.2	257.7	294.80 31/1/94	257.90 21/6/94
New Zealand Cap. 40 (1/7/86)	1934.60	1950.85	1944.75	2439.64 3/2/94	1878.09 12/12/94
Norway Oslo SE(Ind)(2/1/83)	1062.78	1054.82	1049.76	1211.10 20/2/94	980.91 21/6/94
Philippines Manila Comp (2/1/85)	2271.57	2335.53	2310.96	3309.37 4/1/94	2271.57 14/3/95
Portugal BTA (1977)	2745.0	2726.5	2713.4	3226.60 18/2/94	2612.80 20/6/94
Singapore SES All-S'pore(2/4/75)	495.98	500.31	500.37	641.61 4/1/94	472.90 23/1/95
South Africa JSE Gold (28/9/78)	1507.1♥	1522.9	1555.5	2594.00 7/9/94	1479.00 3/3/95
JSE Indl. (28/9/78)	6831.6♥	6608.8	6557.5	6884.40 30/12/94	5446.00 13/1/94
South Korea KoreaCmpEx(4/1/80)**	958.65	953.10	944.37	1138.75 8/11/94	855.37 2/4/94
Spain Madrid SE (30/12/85)	270.30	267.37	267.23	358.31 31/1/94	265.43 9/3/95
Sweden AffarsvardnGen (1/2/37)	1480.4	1460.3	1462.4	1603.90 31/1/94	1334.70 8/7/94
Switzerland Swiss Bk Ind (31/12/58)	1181.34	1174.63	1178.84	1423.34 31/1/94	1138.72 27/10/94
SBC General (1/4/87)	875.26	870.58	874.00	1093.28 31/1/94	870.58 13/3/95
Taiwan WeightedPr.(30/6/66)**	6480.31	6503.18	6453.52	7191.13 1/11/94	5194.63 19/3/94
Thailand Bangkok SET (30/4/75)	1155.54	1174.67	1189.48	1753.73 4/1/94	1155.54 14/3/95
Turkey Istanbul Comp.(Jan 1986)	32972.4	32912.6	33232.8	33232.80 10/3/95	12980.78 24/3/94
WORLD MS Capital Int (1/1/70)$	620.0*	622.5	620.0	649.80 2/11/94	591.80 1/11/94
CROSS-BORDER Eurotrack 100(26/10/90)	1242.42	1222.41	1231.87	1540.10 31/1/94	1222.41 13/3/95
Euro Top-100 (26/6/90)	1135.59	1121.10	1123.83	1311.01 2/2/94	1117.34 9/3/95
JCapelDrgns (31/12/88)	(u)	291.45	288.51	395.18 5/1/94	281.46 23/1/95
Barings Emerg.(7/1/92)	124.00	123.72	117.15	191.79 26/9/94	117.15 10/3/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40							
Mar	1737.0	1780.0		1780.0	1737.0	28,625	34,796
Apr	1750.0	1790.0		1790.0	1750.0	547	4,069
DAX							
Mar	1972.0	2018.5	+29.5	2025.0	1971.0	29,760	93,173
Jun	1986.5	2034.0	+28.5	2040.0	1986.5	13,206	80,810
OMX							
Mar	1118.00	1137.00	+17.75	1138.00	1118.00	6,376	17,315
Apr	1126.00	1140.00	+21.50	1140.50	1126.00	1,577	4,915
SOFFEX							
Mar	2442.0	2466.0	+21.5	2467.0	2432.0	9,613	16,152
Apr	2440.0	2470.9	+18.0	2470.0	2440.0	2,631	6,482

** Sat Mar 11: Taiwan Weighted Price 6480.99; Korea Comp Ex 954.20. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 14 – 2022.50 +48.36

1 Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Mar 13	Mar 10	Mar 9	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	4025.23	4035.61	3983.39	4035.61 (10/3/95)	3593.35 (4/4/94)	4035.61 (10/3/95)	41.22 (2/7/32)
Home Bonds	97.28	96.96	96.79	105.81 (21/1/94)	93.56 (30/12/94)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1568.81	1557.73	1532.35	1862.29 (2/2/94)	1371.88 (15/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	187.71	188.37	188.92	227.06 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4060.85 (4054.97) Low 3999.29 (3978.20) (Theoretical♦)
Day's high 4042.10 (4048.40) Low 4019.70 (3983.39) (Actual♦)

Standard and Poors	Mar 13	Mar 10	Mar 9	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	490.05	489.57	483.16	490.05 (13/3/95)	438.92 (4/4/94)	490.05 (13/3/95)	4.40 (1/6/32)
Industrials♥	582.867	581.69	574.51	582.87 (13/3/95)	510.05 (21/4/94)	582.87 (13/3/95)	3.62 (21/6/32)
Financial	45.43	45.51	44.81	48.94 (14/6/94)	39.87 (22/11/94)	48.46 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	265.17	264.83	261.61	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	453.06	452.78	451.50	487.89 (2/2/94)	420.23 (13/12/94)	487.50 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	802.31	802.22	796.24	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Mar 10	Mar 3	Feb 24	Year ago
Dow Jones Ind. Div. Yield	2.70	2.73	2.69	2.61
	Mar 8	Mar 1	Feb 22	Year ago
S & P Ind. Div. yield	2.36	2.36	2.36	2.37
S & P Ind. P/E ratio	17.32	17.32	18.60	24.53

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Telefonos	7,332,400	27½	-1
Compaq	4,015,900	33	-⅜
Bankers Trust	3,830,100	51⅛	-9¾
IBM	3,488,700	82¼	+1⅛
Toys R Us	3,024,700	23¾	-⅜
Walt Disney	2,672,900	54½	-1⅛
RJR Nabisco	2,487,900	5⅝	+¼
Citicorp	2,480,900	41⅝	-¼
Motorola	2,380,100	57⅞	+1¼
YPF Sociedad	2,239,200	17	+⅛

TRADING ACTIVITY

● Volume (million)

	Mar 13	Mar 10	Mar 9
New York SE	268.165	382.942	319.160
Amex	15.137	16.799	14.347
NASDAQ	252.192	303.291	286.700
NYSE			
Issues Traded	2,967	2,958	2,938
Rises	1,118	1,596	1,064
Falls	1,100	647	1,080
Unchanged	748	715	794
New Highs	83	62	35
New Lows	27	33	160

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Mar	491.20	492.70	+2.65	493.10	491.20	31,266	97,696
Jun	493.85	496.60	+2.55	497.10	493.75	87,741	140,148
Nikkei 225							
Mar	-	-	-	-	-	-	-
Jun	16490.0	16270.0	-180.0	16490.0	16190.0	16,190	111,212

Open interest figures for previous day.

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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TOKYO - MOST ACTIVE STOCKS: Tuesday, March 14, 1995

	Stocks Traded	Closing Prices	Change on day
Sumitomo Const	11.9m	677	-50
Tobu Railway	7.1m	558	-7
Fudo Const	6.8m	940	-90
Toshiba	5.7m	571	-13
Toyo Ink Mfg Co	5.3m	550	-2
Banyu Pharm	4.9m	941	+1
Nissan F&M Ins	4.8m	625	-5
Penta Ocean	4.8m	728	-38
Chiba Bank	4.2m	720	-10
Kandenko	4.0m	1570	-10

4 pm close March 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close March 14

NYSE COMPOSITE PRICES

Continued from previous page

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
$11\frac{3}{8}$	$10\frac{5}{8}$	Salomon Br	0.38	3.3	23	810	$11\frac{1}{2}$	$11\frac{1}{4}$	$11\frac{3}{8}$	$+\frac{1}{8}$
$40\frac{1}{8}$	$32\frac{3}{8}$	Salomon	0.64	1.8	8	2890	$34\frac{1}{2}$	$33\frac{1}{8}$	$34\frac{1}{4}$	$+\frac{7}{8}$
$21\frac{5}{8}$	$19\frac{1}{8}$	SnDgGE	1.56	7.4	17	1811	$21\frac{1}{8}$	$20\frac{5}{8}$	21	$+\frac{1}{4}$
$9\frac{5}{8}$	0	SantaFeEPts	0.10	1.7	156	4990	$9\frac{5}{8}$	$9\frac{1}{8}$	$9\frac{3}{8}$	$+\frac{1}{8}$
$12\frac{1}{4}$	9	SFeGd			26	4025	$12\frac{1}{4}$	12	$12\frac{1}{8}$	$-\frac{1}{8}$
$38\frac{3}{4}$	$33\frac{1}{4}$	SFePPipe	2.80	7.7	8	34	$36\frac{1}{2}$	$36\frac{3}{8}$	$36\frac{1}{2}$	$+\frac{1}{8}$
$22\frac{5}{8}$	$17\frac{1}{8}$	SanFeP	0.10	0.4	21	6576	u$22\frac{3}{4}$	$22\frac{3}{8}$	$22\frac{5}{8}$	$-\frac{1}{8}$
$27\frac{1}{2}$	$24\frac{1}{4}$	SaraLee	0.68	2.5	55	15799	u$27\frac{3}{4}$	27	$27\frac{5}{8}$	$+\frac{1}{2}$
$45\frac{1}{8}$	42	Scana Corp	2.88	6.7	13	408	$42\frac{3}{4}$	$42\frac{1}{2}$	$42\frac{3}{4}$	$+\frac{1}{4}$
$16\frac{1}{4}$	$14\frac{1}{2}$	Scecorp	1.00	6.4	10	4799	$15\frac{3}{4}$	$15\frac{5}{8}$	$15\frac{5}{8}$	$+\frac{1}{8}$
$11\frac{1}{8}$	$8\frac{3}{4}$	SchawkA	0.26	2.9	32	63	$9\frac{1}{8}$	$8\frac{3}{4}$	$9\frac{1}{8}$	$+\frac{1}{2}$
$48\frac{1}{4}$	$42\frac{5}{8}$	SchererRP			29	179	$45\frac{7}{8}$	$45\frac{3}{8}$	$45\frac{5}{8}$	$+\frac{1}{8}$
$79\frac{1}{8}$	71	SchPl	2.84	2.7	16	9380	$77\frac{1}{4}$	$76\frac{1}{8}$	$76\frac{1}{2}$	$-\frac{1}{2}$
$58\frac{3}{8}$	$50\frac{1}{8}$	Schlmb	1.20	2.1	26	3960	u$59\frac{1}{4}$	$57\frac{3}{4}$	$57\frac{7}{8}$	$-\frac{3}{8}$
31	$22\frac{1}{8}$	Schwab(C)	0.24	0.8	20	4428	u$31\frac{5}{8}$	$29\frac{7}{8}$	$31\frac{1}{2}$	$+1\frac{3}{8}$
$10\frac{7}{8}$	$7\frac{3}{4}$	Schweitzer			8	86	10	$9\frac{7}{8}$	$9\frac{7}{8}$	
$23\frac{3}{4}$	$17\frac{1}{2}$	SciAtl	0.06	0.2	30	6164	u$24\frac{1}{2}$	$23\frac{7}{8}$	$24\frac{1}{8}$	$+\frac{1}{8}$
$18\frac{5}{8}$	$16\frac{7}{8}$	Scotsman	0.10	0.8	12	67	$18\frac{1}{8}$	$18\frac{1}{8}$	$18\frac{1}{8}$	
$65\frac{3}{8}$	$57\frac{1}{8}$	ScottP	0.80	1.0	22	3531	$62\frac{5}{8}$	$61\frac{1}{2}$	$62\frac{1}{2}$	$-\frac{1}{8}$
$30\frac{1}{8}$	$26\frac{7}{8}$	Scrlops	0.44	1.5	17	128	20	$20\frac{1}{4}$	$28\frac{1}{2}$	$-\frac{1}{2}$
$21\frac{1}{2}$	$14\frac{3}{8}$	ScuddrNAsF	0.02	0.1		75	15	$14\frac{7}{8}$	$14\frac{7}{8}$	$-\frac{1}{8}$
$9\frac{1}{4}$	$8\frac{3}{4}$	ScuddrNEuF	0.16	1.8		150	8	$0\frac{7}{8}$	0	$+\frac{1}{8}$
$14\frac{7}{8}$	$13\frac{3}{8}$	SeaCnB	0.70	5.0	9	4	14	14	14	
16	15	SeaC1.4625	1.46	9.9		51	$15\frac{3}{4}$	d$14\frac{5}{8}$	$14\frac{5}{8}$	-1
28	$23\frac{5}{8}$	S'gate			7	3888	$26\frac{1}{8}$	$25\frac{1}{2}$	$26\frac{1}{8}$	$+\frac{3}{8}$
31	$28\frac{3}{8}$	Seagrm	0.65	2.0	14	3461	$30\frac{1}{2}$	$30\frac{1}{8}$	$30\frac{1}{8}$	$-\frac{1}{8}$
$19\frac{3}{4}$	$15\frac{1}{4}$	Seagull En			198	3847	10	$17\frac{1}{2}$	$17\frac{7}{8}$	$+\frac{3}{8}$

NASDAQ NATIONAL MARKET

4 pm close March 14

AMEX COMPOSITE PRICES

4 pm close March 14

AMERICA

Equities peak on surprise retail figures

Wall Street

Weaker-than-expected retail sales figures and the strength of bond and currency markets sent US share prices to record levels yesterday morning, *writes Lisa Bransten in New York.*

At mid-morning, the Dow Jones Industrial Average was up nearly 35 points before it edged back by 1pm to stand 29.40 higher at 4,054.63. The Standard & Poor's 500 gained 2.77 at 492.82, while the American Stock Exchange composite fell 0.43 at 452.63. Meanwhile, the Nasdaq composite rose 6.08 at 808.39. Volume on the NYSE was 211m shares.

The Nasdaq, which had not set records this year along with the Dow and the S&P 500, finally broke through the high of 804 points it had set in March of last year.

Propelling the increase were retail sales figures that decreased in February rather than posting the modest increase that most economists had expected.

The stock market was also flanked by a buoyant bond market and a currency market that seemed to have found its level. In morning trading, bonds rose nearly a full point and the dollar was slightly higher against the yen and the D-Mark.

Leading the Nasdaq was a 53 per cent jump in Leaseway Transportation, whose shares rose $6 13/16 at $19⅝ after a unit of Penske Truck Leasing said it would pay about $20 a share for all of the outstanding shares.

Technology shares traded on the Nasdaq were mixed. Microsoft was up $1¼ at $70¼, Intel rose $1¼ at $82⅝ and Borland was up $1⅜ at $9⅝. On the losing side were Apple Computer, down $1⅞ at $36⅝, and Lotus Development, off $1/16 at $42 7/16.

Consumer shares advanced more than cyclical issues according to Morgan Stanley's index of the two sectors. The consumer index gained nearly 0.8 per cent, while the cyclical counterpart gained just over 0.3 per cent.

Among the biggest gainers in the consumer sector were Gillette, up $1⅞ at $82¼, Colgate Palmolive, $⅞ at $64½ and International Flavors and Fragrance, $1¼ at $51⅞.

Boeing jumped $2⅝ at $49¼ after Japan Air and Scandinavian Air placed orders valued at $180m and $1.2bn respectively with the aircraft manufacturer. Shares in its rival, McDonnell Douglas, lost $1⅛ at $56 on the news.

Other strong gains included Disney, which rose $1¼ at $55½, Union Carbide, $1⅜ at $28⅝, Caterpillar, $⅞ at $49¾, and Minnesota Mining and Manufacturing, $1⅜ at $57¼.

Capitol Cities/ABC gained $¾ at $89⅝, after the entertainment group said that it was selling 45 newspapers to the Journal Register.

Canada

Toronto edged lower at midday as soft gold prices continued to offset firmer Canadian bonds. The TSE-300 composite index eased 2.23 to 4,175.68 in 32.6m shares valued at C$347.2m.

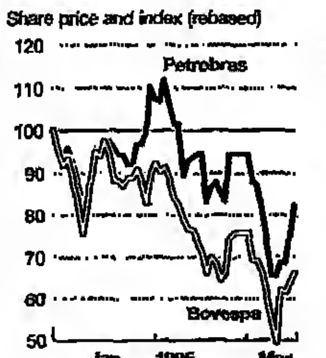
The precious metals group sank 41.03 to 9,429.08, leading declines in eight of the market's in 14 sub-indices.

Alcan Aluminium, however, was C$⅝ higher at C$35⅝ by midsession. The company said in its annual report that earnings should continue to rise as improved prices for fabricated products were reflected in 1995 supply contracts.

Argentina's $11.1bn aid package boosts region

Brazil's shares rocketed 10.9 per cent higher in midday trade after a buying spree triggered by the news of Argentina's $11.1bn of foreign financing aid to support its economy and reports that the Brazilian government would step up its privatisation programme.

Share price and index (rebased)



Source: Datastream

The Bovespa index was up 2,903 at 29,612 at 1pm, in turnover of R$166.3m ($189m).

Analysts said that the Argentine package was likely to improve the economic outlook for the whole of Latin America and increase foreign confidence in the region. Telebras, the state telecoms group, surged 12.6 per cent to R$25 and Petrobras preferred rose 12.4 per cent to R$67.99.

In BUENOS AIRES, Argentina blue chips were 7.1 per cent higher in late morning trade on continuing euphoria after Monday's with the IMF.

The Merval index was 23.20 higher at 347.68, after an earlier high of 352.45.

Ciadea, the carmaker, and Perez Companc, the holding company, jumped 9 per cent in pre-market dealings.

S Africa awaits budget

Johannesburg finished off the day's highs as futures traders positioned themselves for today's close of the account and investors awaited this afternoon's national budget.

However, the undertone was still positive following the abolition of the financial rand and with a better gold price.

The overall index was 30.3 firmer at 5,268.0, industrials collected 24.1 to 6,632.9 and golds eased 9.4 at 1,513.5.

De Beers was 250 cents better at R86, Anglos gained 500 cents to R194 and Minorco picked up 175 cents to R82.

Sunbop rose 350 cents to R22.50 following the release of the country's new gambling report.

EUROPE

Flyaway afternoon for Frankfurt, Paris bourses

The surprise fall in US February retail sales helped turn a tentative morning uptrend into a flyaway afternoon, for Frankfurt and Paris in particular, *writes Our Markets Staff.*

FT-SE Actuaries Share Indices

Mar 14								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1231.49	1232.04	1232.94	1231.08	1232.43	1234.31	1240.97	1242.42
FT-SE Eurotrack 200	1327.83	1329.69	1328.61	1327.48	1328.83	1329.52	1334.24	1334.29
	Mar 13	Mar 10	Mar 9	Mar 8	Mar 7			
FT-SE Eurotrack 100	1222.41	1231.87	1227.91	1243.54	1249.20			
FT-SE Eurotrack 200	1321.71	1323.21	1314.73	1326.51	1337.90			

Base 1000 (26/10/90): Highday 100 - 1242.71; 200 - 1337.74 Lowday 100 - 1230.16 200 - 1325.60 ‡ Partial

FRANKFURT rode out another volatile day's trading, the Dax index hitting a pre-bourse low of 1,965.07, rising to 2,000.45 on the session, and ending the post-bourse at an Ibis-indicated 2,022.50, up 48.36 or 2.45 per cent on the day.

Turnover, reflecting trade to the end of the session, rose only DM1.2bn to DM6.5bn. The pattern of Dax movements was almost a mirror-image of Monday's trading. It suggested that a combination of a firmer dollar, higher bunds and a rise on Wall Street caught traders short after Monday's apprehensive session.

Those fears travelled into yesterday, as rumours circulated that banks might have hit losses on currencies or derivatives. Deutsche Bank bottomed at DM672 before rising to close DM16.40 higher on the day at DM695.50.

Elsewhere, it was mostly a case of marking up cyclicals weakened by last week's switch into defensive stocks; carmakers and engineers were outperforming before chemicals although the big three finally responded to higher dividends from BASF and Bayer. Hoechst, with the biggest dividend rise of the three, led with a rise of DM11.30 to DM304.

PARIS mixed a massive general rise with fear and disappointment on the periphery. Mr Frederick Sauvegrain of Ferri said that business was confined to traders, arbitrageurs and dealers as the CAC-40 index rose 47.19, or 2.7 per cent to 1,768.99.

Turnover was FFr3.72bn. Short covering boosted recent losers, among them Alcatel Alsthom, up FFr23.40 at FFr410.90, Canal Plus, up FFr22 at FFr613, and UAP, Schneider and Lafarge, FFr7.10, FFr8.20, and FFr13.10 higher at FFr120, FFr343.20 and FFr342.50.

Front line financials did well but Credit Lyonnais dropped FFr15 to a new 1995 low of FFr303 after Société Générale asked the EU to declare state help to CL illegal, and harmful to competition. Sefimeg, the property company which produced profits lower than expected and a dividend cut on Monday, fell Fr25.50 to another new 1995 low of FFr294.50.

ZURICH finished higher after a late rally, although volume remained low with a large part of the day's trade futures driven. The SMI index rose 13.0 to 2,463.3.

Holderbank rose SFr27 to SFr826 after the cement group reported that 1994 group profit rose by 42 per cent, a gain at the upper end of expectations. Surveillance picked up SFr125 to SFr1,745 after the dollar dependent trade inspection and testing organisation reported higher than expected 1994 results.

Banks were steady with SBC SFr2 higher at SFr350 ahead of today's 1994 results at which the bank is expected to report sharply lower earnings.

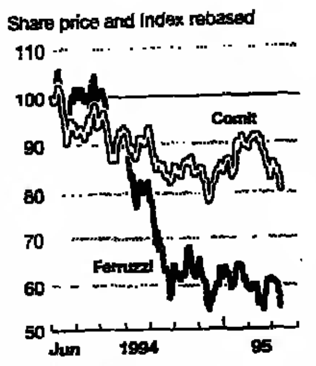
MILAN was wary throughout much of the session after rumours of further capital calls, this time at Ferruzzi group companies. The Comit index registered a 2.18 advance to 601.04 but the real time Mibtel index finished 145 or 1.5 per cent higher at 9,688, up from a low of 9,535, as confidence grew late in the day that the lower house of parliament would finally approve the government's mini-budget.

Ferruzzi Finanziaria plunged 10 per cent in early trade as the market was shaken by speculation that the group planned another capital call. But after a denial by the company, the shares picked up to finish L28 lower at L1,100. Montedison finished L29 easier at L1,131, after a low of L1,076.

Fondiaria, 34.5 per cent controlled by Ferruzzi, lost L259 to L8,360, up from an early L8,000, after Monday's 7.5 per cent fall which followed speculation that the insurer planned a capital increase. Gemina, Monday's big loser with a 14.1 per cent plunge on news that it planned to raise L1,530bn, rebounded L63 to L966.

Ferruzzi

Share price and index rebased



Source: Datastream

The troubled Banco di Napoli fell L109 or 8.4 per cent to L1,191 as it announced 1994 losses of L995bn after a 1993 net profit of L173bn.

AMSTERDAM, less fearful on bad days recently, stayed phlegmatic as the AEX index rose just 1.48 to 34.81. MADRID showed a little more enthusiasm but it had to field slightly worse than expected Spanish inflation data, and an expected half point increase in key interest rates; the general index rose 2.93 to 270.30.

STOCKHOLM closed 1.4 per cent higher, with Ericsson in demand on the view that it was well positioned to exploit the new PCS mobile telephone market in the US. The Affärsvärlden General index climbed 20.10 to 1,480.40 with Ericsson B rising SKr11.50 to SKr437.50.

LISBON was boosted by news that Sonae, the retail and industrial group, had given up its attempt to block the takeover bid by Banco Comercial Portugues (BCP) for Banco Portugues do Atlantico (BPA). BPA climbed Es85, or 3.2 per cent to Es2,770, Sonae by Es83 to Es3,523, and even BCP put on Es26 to Es1,936 as the BTA index rose 18.5 to 2,745.0.

ATHENS sank below the 800 line, dragged down by fears in construction where Attikat, which fell short of earnings forecasts in Monday's results, ended at the 8 per cent lower volatility limit for the second day running with a fall of Dr236 to Dr2,722. The general index fell 11.70 to 793.31.

Written and edited by William Cochrane, Michael Morgan and Peter John

ASIA PACIFIC

Yen obsession leaves Nikkei at new 1995 closing low

Tokyo

Equities took back Monday's gains and the Nikkei index set a new closing low for the year, *writes Bethan Hutton in Tokyo.*

The Nikkei 225 index closed down 231.51 at 16,245.82, its lowest close since November 1993, although the day's low of 16,199.20 compared with Monday's intraday nadir of 16,081.04.

The first section Topix index fell 15.07 to 1,305.10, while the Nikkei 300 index lost 3.01 to close at 240.82. Volume remained low, easing up from 293m shares to an estimated 300m. Declines outnumbered advances by 710 to 253 with 193 unchanged.

In London, the ISE/Nikkei 50 index rose 2.14 to 1,066.03.

Mr Chris Newton of James Capel said that the fall was mainly currency-related. "The market is completely obsessed with the yen's movement, and we had another burst of yen appreciation today."

There was a large amount of cross-trading, brokers fixing book prices for accounting purposes as the fiscal year end approached. Cross-trading has been prevalent for several weeks, reflecting the belief that there is little short-term upside potential in the market.

The continuing low volume and generally poor market conditions were factors in the weakness of brokerage stocks, as investors expected that even the large brokers might announce losses. Rumours of possible mergers in the sector also created uncertainty and depressed prices further.

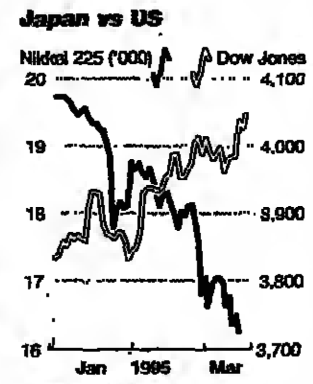
Yamaichi Securities took a 6.5 per cent tumble, dropping Y37 to Y568. Daiwa Securities fell Y40 to Y1,010, Nikko Securities Y22 to Y825, and Nomura Securities Y30 to Y1,620.

There was selling pressure on construction stocks, particularly Fudo Construction, one of the main beneficiaries from the post-earthquake boom in the sector. It dropped Y90 to Y940, below the level at which many private investors bought. Sumitomo Construction, the day's most actively traded issue, dropped Y50 to Y677.

High-tech issues suffered from foreign selling. Sony dropped Y110 to Y4,130, Pioneer Electric fell Y40 to Y1,940, and TDK lost Y60 to Y3,930.

In Osaka, the OSE index closed down 113.22 at 18,249.23, in volume of 350.7m shares.

Japan vs US



Source: Datastream

Roundup

Most regional markets drifted, waiting for fresh directions from US data later this week.

HONG KONG edged down in thin trade, the market offering little response to the withdrawal of two plots of government land from the afternoon's auction. The Hang Seng index eased 16.69 at 8,094.58 in turnover of HK$1.4bn.

HSBC dropped 75 cents to HK$79.25, while among property issues, Sun Hung Kai Properties fell 25 cents to HK$50.50 and Hong Kong Realty A dropped 20 cents to HK$12.60.

Utilities outperformed as investors switched from properties and financials which, said brokers, were still overshadowed by fears of another rise in US interest rates. Hong Kong Electric rose 35 cents to HK$23.45, and Hongkong Telecom 5 cents to HK$14.10.

BOMBAY shrugged off the Congress party setback in India's regional polls, closing higher in moderate speculative buying ahead of today's presentation of the central budget.

The BSE 30 index climbed 55.05 or 1.6 per cent to 3,465.13.

Speculators had been heavy sellers on Monday following a setback for the Congress party in regional polls in Gujarat and Maharashtra, the most industrialised state in India.

MANILA fell 3.7 per cent on concern over a depreciating peso and high domestic interest rates. The composite index lost 63.96 at 2,271.57. Volume rose from 1.36bn shares to 1.77bn.

The utility-based holding company, Aboitiz Equity Ventures, was hardest hit, falling 14.3 per cent to 3.60 pesos.

KUALA LUMPUR edged down in low volume, and the composite index finished 2.31 lower at 929.71 as investors awaited fresh incentives.

Maybank, which fell on Monday on rumours, which it denied, that it had suffered heavy trading losses, lost a further 10 cents to M$15.90.

SEOUL closed slightly higher in very thin trading after a volatile day with buying centred on large manufacturers, which will benefit from a strong yen, and recently underperforming banking shares. The composite index added 3.49 to 956.65, although losers led gainers by 537 to 227.

Samsung Electronics spearheaded rises, adding Won2,700 to Won107,000, off a limit high of Won107,300. Posco and Kepco gained Won600 each to close at Won64,600 and Won28,000 respectively.

SINGAPORE drifted in dull dealings and the Straits Times Industrial index eased 3.51 to 2,060.38, off a low of 2,048.66.

There was some speculative buying of Malaysian stocks in early trading but sellers returned in the afternoon.

TAIPEI closed weaker but off its lows on worries about the health of the Chinese leader, Deng Xiaoping. The weighted index dropped 22.87 to 6,480.31 and turnover remained thin at T$31.9 billion.

Falls reflected a comment by Vincent Siew, Taiwan's senior China policy maker, that Deng is in a critical condition.

Paper and pulp issues attracted buying in early trade on hopes for higher pulp prices, but selling soon emerged on a lack of confidence in the consolidating market. Chung Hua Pulp and Paper reversed early gains to end T$1 down at T$56.

BANGKOK recovered from earlier lows as local fund managers bought blue chips. The SET index closed 19.13 off at 1,155.54 after an afternoon low of 1,134.34. A moderate 71m shares worth Bt5.4bn were traded. Banking issues were under pressure. Krung Thai Bank topped the active list, dropping Bt3.50 to Bt67. Bangkok Bank shed Bt2 to Bt173.

SYDNEY closed flat after early strength evaporated in the afternoon. The All Ordinaries index ended 1.0 higher at 1,885.5, down from an intraday high of 1894.3.

Caltex Australia and Pioneer International rose on reports that the Trade Practices Commission, the anti-monopolies body, was ready to allow the two firms to merger their oil operations. Caltex shares improved 15 cents to A$3.60, while Pioneer shares gained nine cents to A$3.23.

WELLINGTON was led lower by further weakness in forestry stocks. The top 40 stocks index ended 16.25 down at 1,934.6 in volume of NZ$38.8m. The market has been supported by Telecom, but it fell 5 cents to NZ$5.56 as some investors shifted funds into stocks which have been hit recently.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY MARCH 13 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY MARCH 10 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	163.08	1.0	151.83	93.01	119.15	145.28	0.8	4.09	161.45	151.36	93.12	118.73	144.04	180.82	157.95	173.04
Austria (16)	188.83	0.7	175.74	107.58	137.81	137.78	0.0	1.18	187.35	175.64	108.05	137.77	137.75	198.89	187.46	191.16
Belgium (35)	175.12	1.2	183.15	99.87	127.84	125.48	0.5	4.41	172.87	162.18	99.76	127.20	124.90	177.04	161.53	170.76
Brazil (28)	104.99	-0.6	97.81	59.88	76.70	169.87	-0.8	2.00	105.59	98.99	60.90	77.65	171.32	-	-	-
Canada (103)	128.39	0.0	118.61	73.22	93.80	131.31	0.4	2.66	128.36	120.33	74.03	94.39	130.75	141.01	120.54	135.48
Denmark (33)	256.65	0.1	239.11	146.37	187.50	197.76	-0.3	1.57	256.42	240.39	147.89	188.56	198.44	275.27	236.61	270.78
Finland (24)	181.48	1.1	189.07	103.50	132.59	167.76	1.0	1.44	179.56	168.34	103.56	132.05	166.14	201.41	133.68	149.96
France (101)	161.53	-0.7	150.49	92.12	118.01	127.20	-1.0	3.36	162.74	152.57	93.86	119.68	128.52	181.44	157.79	177.03
Germany (58)	149.10	0.8	138.91	85.03	108.93	108.93	0.2	1.96	147.84	138.60	85.27	108.72	108.72	154.61	132.08	134.84
Hong Kong (56)	330.03	1.4	307.47	188.22	241.12	327.58	1.4	4.04	325.32	304.99	187.63	239.24	322.91	412.42	277.40	404.47
Ireland (16)	206.34	0.4	192.24	117.68	150.75	183.37	0.0	3.81	205.55	192.71	118.55	151.16	183.30	217.10	177.56	191.15
Italy (58)	68.25	-2.6	63.59	38.93	49.87	86.09	-1.8	1.81	70.08	65.70	40.42	51.53	87.89	87.78	67.25	76.34
Japan (484)	146.88	1.0	136.84	83.77	107.31	83.77	-0.1	0.91	145.47	136.38	83.90	106.98	83.90	170.10	136.95	154.38
Malaysia (97)	465.08	-0.1	433.30	265.25	339.80	457.02	-0.1	1.72	465.34	436.26	268.38	342.21	457.45	594.76	398.16	491.46
Mexico (18)	779.53	4.1	726.25	444.58	569.52	5450.41	0.1	1.99	748.60	701.82	431.74	550.50	5442.87	2414.12	647.81	2167.10
Netherland (19)	228.86	0.5	213.22	130.53	167.21	164.67	-0.3	3.71	227.76	213.53	131.38	167.49	165.09	232.41	191.28	201.68
New Zealand (14)	73.34	1.0	68.33	41.83	53.58	59.79	0.3	4.93	72.64	68.11	41.90	53.42	58.63	77.20	62.05	68.54
Norway (23)	205.04	0.7	191.03	116.94	149.80	175.22	0.5	2.24	203.53	190.81	117.38	149.67	174.31	216.03	177.53	198.74
Singapore (44)	350.03	0.1	326.11	199.63	255.74	228.41	-0.3	1.87	349.57	327.73	201.62	257.08	229.08	401.38	294.66	320.92
South Africa (59)	334.60	2.3	311.73	190.83	244.48	264.93	0.3	2.57	326.97	306.54	188.58	240.45	264.07	342.00	205.55	264.65
Spain (38)	124.91	-0.1	116.28	71.18	91.19	122.68	-0.2	4.63	124.89	117.09	72.03	91.84	122.65	150.21	124.81	146.14
Sweden (48)	234.22	-1.1	218.22	133.59	171.13	252.89	0.1	2.08	236.81	222.01	136.58	174.15	252.45	247.40	196.70	220.18
Switzerland (47)	172.99	0.6	161.16	98.66	126.38	125.48	-0.4	1.95	171.94	161.20	99.17	126.44	125.98	179.85	149.91	163.13
Thailand (46)	133.54	-0.5	124.42	76.18	97.57	128.28	-0.7	3.31	134.21	125.82	77.40	98.69	129.18	-	-	-
United Kingdom (204)	194.09	0.3	180.83	110.70	141.81	180.83	-0.3	4.46	193.41	181.33	111.55	142.24	181.33	205.58	161.11	197.28
USA (512)	200.49	0.1	186.78	114.34	146.47	200.49	0.1	2.83	200.26	187.74	115.50	147.27	200.26	200.49	178.95	169.71
Americas (861)	183.12	0.1	170.60	104.44	133.79	153.79	0.1	2.81	182.87	171.45	105.47	134.48	153.61	-	-	-
Europe (720)	169.83	0.1	158.23	96.86	124.08	144.00	-0.3	3.34	169.63	159.03	97.85	124.74	144.49	176.01	160.59	169.32
Nordic (128)	225.62	-0.4	210.20	128.68	164.84	202.86	0.2	1.90	226.46	212.31	130.61	166.53	202.50	235.72	197.70	213.47
Pacific Basin (809)	154.65	0.5	144.08	88.20	112.99	93.41	0.0	1.28	153.21	143.63	88.36	112.67	93.44	178.88	145.93	189.76
Euro-Pacific (1529)	160.88	0.8	149.88	91.75	117.54	112.87	-0.2	2.19	159.95	149.96	92.25	117.63	113.08	175.14	154.73	165.92
North America (815)	196.02	0.1	182.62	111.80	143.21	195.79	0.1	2.82	195.81	183.57	112.93	143.99	195.54	196.02	175.67	186.34
Europe Ex. UK (516)	152.92	0.0	142.47	87.21	111.72	123.00	-0.4	2.70	152.94	143.38	88.20	112.47	123.47	158.18	144.12	150.72
Pacific Ex. Japan (325)	231.53	0.8	215.71	132.05	169.18	203.86	0.7	3.37	229.72	215.37	132.49	168.94	202.53	273.13	211.18	255.36
World Ex. US (1737)	161.18	0.8	150.17	91.93	117.76	115.83	-0.1	2.21	160.20	150.19	92.39	117.81	116.10	176.65	155.42	167.36
World Ex. UK (2045)	170.92	0.4	159.24	97.48	124.88	136.76	0.0	2.22	170.18	159.55	98.15	125.15	136.79	178.59	163.46	171.50
World Ex. Japan (1765)	188.57	0.2	175.68	107.54	137.77	176.14	0.0	3.04	188.18	176.40	108.52	138.37	176.18	192.00	176.34	186.02
The World Index (2249)	172.97	0.4	161.15	98.65	126.37	140.69	-0.1	2.44	172.24	161.47	99.34	126.66	140.76	180.60	165.92	173.78

PLEASE NOTE: South African index reflects introduction of unified rand. Latest prices were unavailable for this edition.